

BUSINESS WEEK

WEEK
AGO

YEAR
AGO



BUSINESS
WEEK
INDEX

PUBLISHED BY THE MCGRAW-HILL PUBLISHING COMPANY, INC. • TWENTY CENTS

SAVES \$3150 A YEAR BY INVESTING \$1250 IN ALLIS-CHALMERS PUMPS!

Allis-Chalmers Centrifugal Pumps Save Watab Paper Company a Total of \$20,000 in Less Than Seven Years . . . Cost Nothing for Repairs! Read this Remarkable Story of the Equipment That Pays for Itself!

You wouldn't hesitate to buy new equipment if that new equipment offered you savings *two and half times* the amount of your investment in one year's time alone!

And yet that's exactly what happened to the Watab Paper Company, Sartell, Minnesota. By investing \$1250 in two new Allis-Chalmers Centrifugal Paper Stock Pumps, they effected actual power savings of \$3150 per year!

In February, 1933, the Watab Paper Company replaced an old fan pump (requiring 65 brake horsepower) with a new Allis-Chalmers Centrifugal Pump which required only 26 brake horsepower, although it actually handled more stock. By saving 39 brake horsepower, they cut 60% from their

power bill for this work . . . a saving of \$5.25 per day.

This saving pleased them so much that in September, 1933, they ordered a duplicate unit for their other paper machine. The total investment for the two pumps was \$1250, and in the less than seven years since that time they have saved an average of \$3150 per year, or an estimated total of better than \$20,000, without costing anything for repairs!

Get These Savings in Your Plant!

Imagine it! By investing this small amount, the company paid for the new equipment out of savings in about five months . . . went on piling up savings year after year . . . to be added to the company's profits!

Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF!"



WATAB PAPER COMPANY'S CHIEF ENGINEER examines one of the two Allis-Chalmers Centrifugal Pumps that brought savings of \$3150 per year!

An exceptional story? Not in the least! For hundreds of industrial plants today are still using equipment that from an efficiency basis is a money loser.

That's why it will pay you to study conditions in your own plant . . . to call in Allis-Chalmers 90 years of engineering experience to work for you!

Don't delay! Obsolete equipment costs you unnecessary waste every day. Call the nearest district office or write to Allis-Chalmers. That's the way to bring your plant up-to-date . . . get increased production . . . cut your operating costs . . . make your workers' jobs easier . . . with Allis-Chalmers — the equipment that pays for itself!

A 1171-A

PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS
MILWAUKEE • WISCONSIN

WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Expansion, Order of the Day

Announcement by Edward R. Stettinius of the Defense Commission that the steel industry is undertaking sizable expansion signalizes the sidetracking of what might have been a serious row between government and business. It also signalizes that in the making of policy the men now on the top of the heap are those who urge that the country's total output of all types of goods—peacetime as well as wartime—should be expanded, rather than those who advocate contraction of normal production to accommodate armaments (page 13).

Positive evidence that the steel industry will go part-way towards meeting the Administration's wishes is Bethlehem's decision to raise its ingot capacity 8%. Bethlehem's boost is equivalent to 1% of the industry's present capacity. A report on the steel situation will be forthcoming shortly from the Defense Commission.

Post-Emergency Problem

Administration pressure voices began harping some time ago (BW-Sep. 21 '40, p. 7) on the theme that a serious shortage of steel was in sight if present and prospective orders from Britain, our own defense needs, and normal requirements were all to be filled. The object was to convince the industry of the necessity for immediate plant expansion.

The industry was reluctant, fearful not only that a British collapse might precipitate a serious over-supply but also that emergency expansion would leave the industry flat on its back after the emergency. Some industry economists suggested that it might be better to fill all defense and British orders and restrict normal demands by a priorities system.

Somewhat reassuring is Stettinius's observation that the commission is giving thought to the nature of adjustments after the emergency.

To Ease Unemployment

New Deal economists do not feel that any reduction in normal consumption is necessary or justified in view of the expansion that is possible by putting our idle capital and unemployed men to work. Gardiner C. Means, one of the Administration's ace economists, estimates steel capacity called for at various national-income levels as fol-

lows: 74,800,000 gross tons at \$83,000,000,000; 86,900,000 tons at \$89,000,000,000; and 97,900,000 tons at \$94,000,000,000. (In short tons, which the steel industry now uses, tonnage figures would be respectively 83,800,000, 97,300,000, and 109,600,000.)

It is only by increases in civilian production, as well as in defense industries, that the unemployment problem can be solved, according to the dominant Administration view.

Regardless of Britain

As for the possibility of a British collapse, New Deal economists say we should take over all British contracts immediately, in that event. As for the post-war situation, at least a 12% increase in steel capacity will be needed if full employment obtains then as New Dealers piously hope.

Administration economists have calculated that an expansion of at least 20% in steel capacity is necessary, even if British orders do not increase in volume. Since it ordinarily takes about a year to 18 months to construct new blast furnaces and get them operating and since existing capacity will be strained to the limit within six months, immediate action is necessary, in this view.

Up to the President

These facts were brought to the attention of the President together with alternative proposals, such as inducing big industrial steel consumers like the automobile industry to build their own plants in order to maintain their supply or, as a last resort, building government plants. The President took the matter up privately with Stettinius, Henderson, and other Defense Commission officials—preferring not to make a public issue of the matter, if it could be helped.

Resolution of the problem, in line with the view of New Deal economists, represents a victory not only for the New Dealers in the Defense Commission, but also for the program of mobilizing industry by securing voluntary cooperation, thanks to presidential suasion.

Covering Expansion Costs

The steel industry will be guaranteed the costs of new plant in defense contracts and will undoubtedly provide its own financing. But another serious problem will be raised when prices are

set on the production of the new plants. New Deal economists feel that the price paid should be high enough to amortize the new plants during the life of the emergency. But they do not agree that such high prices should set the price for non-emergency plants, too, pointing out that in old plants, profits increase much faster than production.

Spending Wrangle

The double-budget notion, with all the new defense spending charged on a different page from regular government expenditures, is not going to prevent a wrangle on Capitol Hill about "regular" spending. The budget balancers—Senators Byrd of Virginia and Adams of Colorado, for instance—are already in full cry for heavy cuts.

The President tried to head this off by promising to cut regular expenditures to the bone, but there's plenty of room for a dogfight over whose bone is gnawed.

Aid to Britain

Look for a propaganda drive during the next few weeks to impress Americans with the genuine crisis that confronts Britain as a result of the success of the latest German bombing forays over the industrial Midlands and the intensified submarine warfare beyond the Channel.

Jesse Jones' declaration that he considers the British government a good credit risk, and the "leak" that Mariner S. Eccles, of the Federal Reserve Board, discussed informally and unofficially in New York last week the possibility of a \$2,500,000,000 loan to Britain secured by a lien on British gold production for five years are important straws in the wind.

Wanted by the British—in order of urgency—are: (1) Many more planes than the 500 to 600 a month likely to be available (under present schedules) during the early months of 1941; (2) the right to buy all idle ships in this country and cooperation in getting a mass shipbuilding program under way; (3) loans; and (4) supplementary supplies of tanks and other heavy military equipment.

Ships: Now and Later

Long delay in closing the deal to build up to 360 cargo ships for British service needs some explaining. Facing dire want for food and arms at the present rate of her losses and replacements,

HEATING COMFORT IN BIG FOUR RAILROAD PASSENGER STATION

Webster Moderator System Gives
Traveling Public the Finest
Modern Steam Heating

"Control-by-the-Weather"

Steam Costs are Cut \$297.50 in
One Year, Despite 20 P.C.
Increase in Heating Load

ALL SECTIONS EVENLY HEATED

Springfield, O.—Thousands of travelers who pass through the Passenger Station of the Big Four Railroad enjoy the finest modern steam heating as the result of a Webster Heating Modernization Program carried out in the fall of 1939.

Waiting rooms, rest rooms and railroad offices are comfortably heated during the coldest winter weather. A Webster Outdoor Thermostat automatically adjusts the basic rate of steam delivery with every change in the weather. Overheating and underheating are reduced to a minimum.

Officials in charge of the heating installation in this modern Passenger Station are well satisfied with the performance of the Webster Moderator System.

An accurate record of heating costs is available because the Big Four Passenger Station uses steam supplied by the Ohio Edison Co.

The cash value of steam savings for the first heating season with the Webster Moderator System amounted to \$297.50. The saving was accomplished despite a 20 per cent increase in heating load over the 1938-39 heating season.

The heating modernization program also included installation of 49 Webster Thermostatic Radiator Traps, ten Double Service Valves and four Webster-Nesbitt Unit Heaters.

Producing heat is only part of the heating job. Putting heat where you want it, when you want it is the big job—the job modern Steam Heating does best. A folder tells why. Write for "STEAM Heats America."



WARREN WEBSTER & CO., Camden, N. J.
Pioneers of Vacuum System of Steam Heating
Representatives in 65 U. S. Cities—Est. 1888



Passenger Station,
Big Four Railroad,
Springfield, Ohio

Britain still plans determinedly to recapture post-war sea commerce. The British ship mission now in this country wants to set up Empire-financed yards for turning out what the Britons called "pointed boxes" some weeks ago (BW—Nov. 9 '40, p14)—ships that would steam slowly but build rapidly, mostly with common labor.

But Washington sees in Britain's dilemma an opportunity. Our government wants to build the ships and sail them in the service of England, around Africa and on other "neutral" routes, but under the American flag. This would relieve England's far-flung shipping for concentration on transatlantic service which is forbidden to our ships. This would help England now, but after the war the United States would be all set to cut into the British Empire's trade.

• **Advantage**—It is freely predicted that the U. S., which has the upper hand, will have its way. In any case, the ships will be built.

Plane-Auto Program

Early in January, Congress will be asked to appropriate funds for the new airplane program based on auto plant capacity—probably at least \$2,000,000,000. Meanwhile, the auto firms, through their special committee, are making technical studies and discussing costs.

In Washington plans for assembly of the planes are being pushed. Present intention is to build two assembly plants near St. Louis, costing some \$20,000,000 each. These would be government-owned, built with government funds now available. They would be operated by plane-builders—presumably Martin and Consolidated—who would hold the prime contracts with the government. Parts to be assembled would be built in Detroit under sub-contracts rather than direct government contracts.

Disappointed Airlines

Airlines and transport manufacturers were surprised and disappointed by the decision of the Priorities Board that only replacement of existing commercial planes will be permitted next year. Roosevelt's previous statement had encouraged them to expect permission for some expansion.

Lingering hope that the decision will be reconsidered in a few months is based on the temporary nature of the present move. What the board did was to ask Douglas and Lockheed, the major transport builders, not to deliver some 60 two-engine transports now on order for the airlines. Likewise, Pratt & Whitney and Wright were directed to hold up the corresponding engines. At the same time the Army went after a number of finished engines which the air-

lines had obtained in advance for replacements.

A Hint for 1941

For the future, the Priorities Board hints it may be able to work out a limited amount of equipment expansion during 1941.

It is understood that Pan-American and American Export will have no trouble getting planes for their South American service. Export sales to South American lines, now largely using German equipment, doubtless will be permitted, too. The industry is convinced that the Army will soon find it doesn't actually gain much by stopping civil production. There's a feeling that the Army has simply been building up an alibi for slow procurement of military craft, alleged to result from finicky buying.

• **Compromise**: Airlines are pushing a plan to buy transports to the specifications of army transports (the chief difference is a higher seating capacity) and agree to turn them over on demand.

Small-Tool Control

Imposition of export license requirement on a string of small tools running clear down to taps and dies, portable grinders, and pipe bending machines, does not imply any present shortage of such commonplace facilities—though possible future shortages are not ruled out. One motive is the desire to conserve high-speed tool steel, whether in fabricated form or otherwise. Another is to obtain one more means of political pressure in the Orient. Export is merely controlled, not embargoed.

P. S.

As a possible remedy for the hard lot of migrant workers, Dr. Howard R. Tolley, chief of the respected Bureau of Agricultural Economics, endorses locating them on large-scale cooperative farms. . . . Milady can't reduce simply by wearing a girdle—so says the Federal Trade Commission in a whole series of orders banning use of the words "reduce" or "reducing" in girdle advertising. . . . Defense Commissioner Harriet Elliott is just waiting for the physical deficiencies of conscripts to show up to cash in on her program of proper feeding for national defense. . . . For training conscripts in the Medical Corps, the War Department has ordered \$5,750 worth of skeletons. . . . Apparent object of this week's opening of anti-trust indictments against nitrogen firms is to give them a hazing. The indictments were sealed when returned by the jury in September, 1939. It has been hinted in Administration quarters lately that certain companies have been procrastinating on defense commitments.

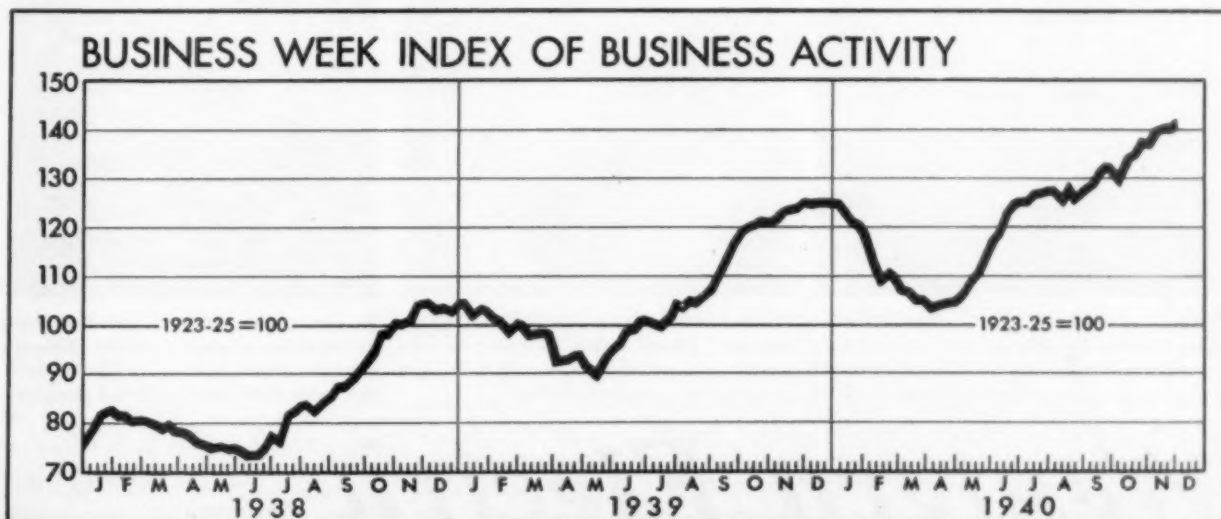
FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX	*142.1	†141.2	138.0	117.3	125.7
PRODUCTION					
Steel Ingot Operations (% of capacity).....	96.9	96.6	96.0	80.3	92.8
Automobile Production.....	128,783	102,340	118,092	60,980	93,638
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)...	\$18,799	\$18,225	\$26,240	\$10,180	\$11,274
Electric Power Output (million kilowatt-hours).....	2,796	2,695	2,734	2,332	2,539
Crude Oil (daily average, 1,000 bbls.).....	3,335	3,766	3,480	3,749	3,289
Bituminous Coal (daily average, 1,000 tons).....	1,827	1,800	1,458	1,327	1,820
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	79	77	86	71	78
All Other Carloadings (daily average, 1,000 cars).....	50	47	54	43	45
Check Payments (outside N. Y. City, millions).....	\$4,547	\$5,617	\$4,674	\$4,552	\$4,100
Money in Circulation (Wednesday series, millions).....	\$8,465	\$8,436	\$8,265	\$7,685	\$7,462
Department Store Sales (change from same week of preceding year).....	+9%	+13%	+6%	None	+5%
PRICES (Average for the week)					
Business Week-Annalist Cyclical Commodity Index.....	81.72	82.00	80.76	70.21	80.90
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	167.6	167.7	164.9	153.2	161.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	121.3	†121.9	119.0	112.7	125.9
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	122.3	122.5	118.8	112.7	114.8
Iron and Steel Composite (Steel, ton).....	\$38.13	\$38.07	\$38.06	\$37.55	\$37.26
Scrap Steel Composite (Iron Age, ton).....	\$21.17	\$21.00	\$20.67	\$18.58	\$18.25
Copper (electrolytic, Connecticut Valley, lb.).....	12.023¢	12.015¢	12.020¢	11.500¢	12.500¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.85	\$0.85	\$0.81	\$0.82	\$0.86
Sugar (raw, delivered New York, lb.).....	2.85¢	2.85¢	2.88¢	2.73¢	2.95¢
Cotton (middling, ten designated markets, lb.).....	9.78¢	9.80¢	9.41¢	10.07¢	9.91¢
Rubber (ribbed smoked sheets, New York, lb.).....	20.91¢	21.04¢	20.51¢	21.55¢	20.06¢
FINANCE					
90 Stocks, Price Index (Standard Statistics).....	84.1	85.2	87.7	73.0	97.7
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.48%	4.46%	4.53%	5.22%	4.92%
U. S. Bond Yield (average of all issues due or callable after twelve years)....	1.93%	1.94%	2.08%	2.48%	2.38%
U. S. Treasury 3-to-5 year Note Yield.....	0.34%	0.32%	0.40%	0.83%	0.60%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	†-1%	†-1%	†-1%	†-1%	†-1%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	22,189	21,961	21,858	20,287	18,972
Total Loans and Investments, reporting member banks.....	24,902	24,944	24,602	23,524	23,159
Commercial and Agricultural Loans, reporting member banks.....	4,911	4,908	4,773	4,367	4,381
Securities Loans, reporting member banks.....	927	909	865	959	1,159
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks...	12,250	12,229	12,001	11,480	11,121
Other Securities Held, reporting member banks.....	3,524	3,605	3,692	3,569	3,382
Excess Reserves, all member banks (Wednesday series).....	6,930	6,800	6,930	6,362	5,135
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,276	2,302	2,381	2,511	2,605

* Preliminary, week ended November 30th.

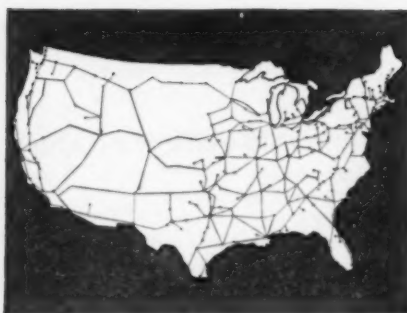
† Revised.

§ Date for "Latest Week" on each series on request.





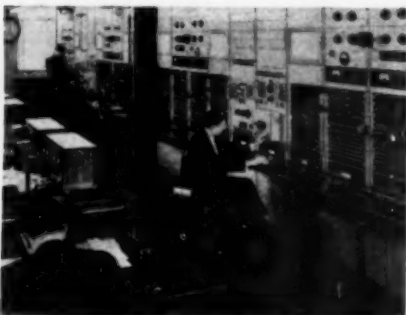
In the development of radio—that important influence in modern life—Western Electric equipment has played a big part.



Here are the main routes of the high quality Bell System lines employed in broadcasting service. The "network broadcast" travels over these wires.



The thousands of miles of wire and cable, the poles, the countless items of apparatus were supplied by Western Electric, manufacturer and purchaser for the Bell System.



Telephone company control offices like this one, Western Electric equipped, are located at important cities. They switch the network program to selected broadcasting stations.



To keep the program at full brilliance, Western Electric vacuum tubes at "repeater stations" amplify the electrical impulses with complete fidelity.



So, out of the telephone art has come much of broadcasting's plant. This apparatus is made by Western Electric with the same skill as your Bell Telephone.

Western Electric

*... is back of your
Bell Telephone service*

THE OUTLOOK

Recovery Spiral at Work

Steel expansion shows forces that are operating: Defense increases national income, increase in national income spurs peacetime demand—and so more capacity seems needed.

The Business Week Index advanced to another new high this week, but that is such a regular recurrence in these days of rising industrial activity that it hardly comes under the head of "big news." More significant was the announcement that the Bethlehem Steel Corp. has embarked on a program to expand its ingot-producing capacity by 850,000 tons annually—or 8%. Here was clear-cut evidence that the steel industry was no longer confident that its capacity is sufficient to meet potential demands.

• **Other Companies, too**—Nor is Bethlehem alone. Edward R. Stettinius, Jr., head of the industrial-materials division of the National Defense Advisory Board, announced that other companies were preparing to install new facilities, so as to be sure that the industry would be able to meet the burden that British and domestic defense requirements superimpose on expanding "peacetime" needs.

Special tax and amortization allowances for such installations are to be granted by the government (page 7). Apparently this country is taking no chances on a repetition of British experience. The British government failed to make satisfactory financial inducements to privately-owned steel mills (and machine-tool companies, too), and then when vital materials were needed in defense production, they were not available.

• **Steel Symptomatic**—The pressure on the steel industry is symptomatic of what happens whenever business expands rapidly. Capacity which was ample in depression times—and even in the piping-hot days of early 1937—suddenly seems insufficient for the job at hand. That's because, in an upward spiral, demand tends to rise geometrically. The income created by defense expenditures swells the effective buying power for such goods as automobiles, refrigerators, washing machines, homes, and furniture—so that more steel is required by the peacetime industries.

Interestingly enough, the rise in operations to a new high for the year (see Outlook Chart) has not been accompanied by an advance in steel prices. Indeed, only this week Carnegie-Illinois Steel Corp. reaffirmed quotations for the first quarter. Under Adam Smith's

free-market theory, a price rise would be in order to discourage buying, and thereby help equilibrate the demand for steel and the industry's capacity to supply it.

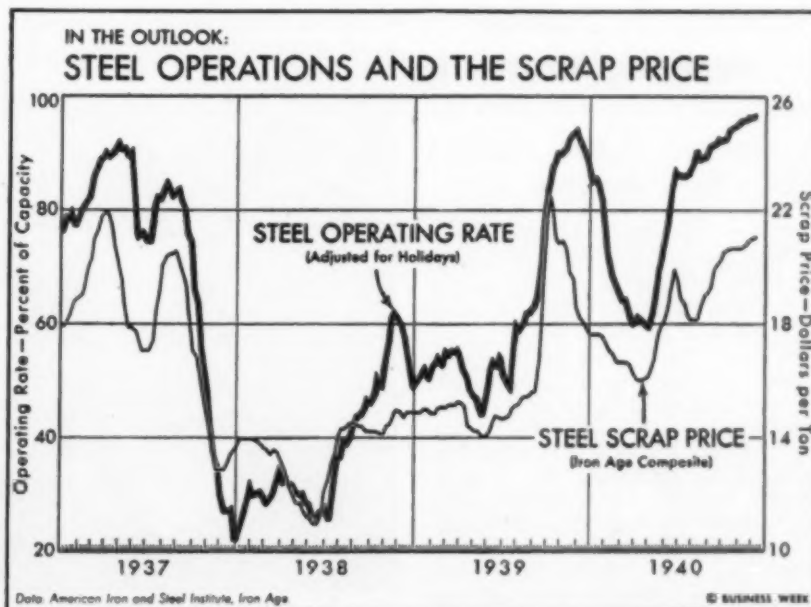
• **Importance of Price**—In steel, despite some heated testimony by government experts at hearings of the Temporary National Economic Committee, it is questionable whether price is a major factor in demand. When business men need steel they need it; and price—at such a time—is a secondary consideration. So, by raising prices, the industry probably would have invited charges of gouging without affecting materially its supply-demand status.

Another reason for price forbearance is that the steel industry, itself, is not as confident of an impending shortage

as some persons in the defense commission. What point is there then, in raising prices, when, if demand suddenly falls short of expectations, readjustments will have to follow quickly—as in 1937? But Washington economists are taking the position that demand will be there—and no doubt about it. They are figuring on a rapidly rising national income.

• **Effect on the Farmer**—An estimate for next year of \$83,000,000,000 has been offered. That's \$9,000,000,000 or more than 12% higher than estimated 1940 income of \$74,000,000,000. And that constitutes a tremendous gain. It would carry total purchasing power above 1929's level of \$82,000,000,000. And since prices of goods generally are below 1929, an \$83,000,000,000 national income would command a considerably larger volume of goods and services.

If these estimates are correct—and it is too early yet either to gainsay or to verify them—then it will not be long before unemployment as we now know it becomes a problem of the past, and capacity in a good many industries, besides steel, is taxed. The point is that



The steel rate and the steel-scrap price present an interesting contrast. Steel-ingot operations currently are above 1939 and 1937 top levels; but steel scrap, which customarily moves with production, is below both its 1939 and 1937 highs. One explanation is that the National Defense Advisory Commission has issued words of caution against undue price advances;

another is that American exports of scrap are barred from all places except the Western Hemisphere. Which means that scrap can go to England, via Canada, but not to Italy and Japan; which also means that most domestic scrap is available for the domestic market, for in recent years Italy and Japan were major foreign buyers—along with England.

the demand for goods has a circular motion. When defense expenditures push up payrolls in industrial areas, workers buy more industrial goods, and that steps up demand. But they also buy more higher-priced foodstuffs, like meat, poultry, and dairy products. So farm income rises, and that in turn creates another expanding source of buying power for industrial goods.

• **Government Benefits**—The farmer is likely to be a good customer next year. This year farm income will run to about \$9,000,000,000. That's just a shade below 1937. But costs are down considerably from three years ago, and about twice as much cash is being received from government benefits—\$750,000,000 as against \$370,000,000. This substantially increases the actually spendable income of the farmer. And in 1941, gross and net are likely to rise further.

• **Not As Good As '29**—Yet, even with the increase in cash receipts, farmers will probably not be as well off—relative to 1929—as industrial workers. For in 1929, total cash farm income was \$11,200,000,000. But in 1941, it is hardly probable that it will reach much above \$9,600,000,000. Even lower expenses and lower interest charges are not apt to make up this difference in gross so as to produce the same "net spendable income."

Timber Trouble

Widespread shutdowns in Northwest's lumber industry are in prospect as rival unionists join to force demands.

Strikes in the Pacific Northwest lumber industry, spreading rapidly this week, are likely, unless speedily ended by government or other authorities, to tie up production of some 200,000,000 board feet of Douglas fir on order for cantonments and other national defense needs.

About one third of the total defense lumber for projects scheduled to be completed before Jan. 31 was to come from mills in the Northwest. The industry there is working also on unfilled orders for 480,000,000 feet for non-government purposes.

• **Brewing for Weeks**—Widespread strikes in the Douglas fir forests and sawmills of Washington and Oregon have been brewing for several weeks (BW—Oct. 19'40, p. 26) to force workers' demands for a 7½¢ increase in minimum wage, from the 62½¢ that has prevailed since 1937. Ten Tacoma mills have been closed for two months, and the Weyerhaeuser plant in Snoqualmie Falls, Wash., for six weeks.

About 15% of total production had been progressively shut down up to last Sunday when the two rival labor groups which have been at each others' throats

since 1937 got together at a meeting in Centralia, Wash., and combined forces temporarily to "effect as broad a tieup as possible as quickly as possible."

• **United Front Strategy**—Delegates representing 25,000 A.F.L. lumber and sawmill workers and about half the 25,000 members of C.I.O. International Woodworkers of America worked out a truce which, in effect, creates the most solidified labor movement in the timber industry since 1937, and forms a united front in support of the demand for a 70¢ minimum wage and a week's vacation with pay. Supporting the new alliance are the powerful sailors' union, lumber inspectors' union, masters, mates and pilots, and inland boatmen. About half of the International Woodworkers of America are not in the new picture. Standouts are supporters of Canadian Harold Pritchett, labeled a "Red" at the recent I.W.A. convention.

Although Pritchett resigned last week as president because of being denied entrance from Canada as an alien, his men still hold key offices, and pro-Pritchett Vice-President O. M. (Mickey) Orton, of Seattle, stepped into the presidency. For several weeks, anti-Pritchett forces in I.W.A. have been making overtures to A.F.L. forces proposing temporary joint action.

• **Pritchett Group's Tactics**—In an effort to head off a combined A.F.L.-C.I.O. campaign which, if successful, would about destroy the prestige of the

Pritchett group, I.W.A. officers have been signing up mills on 2½¢ increase under a "standard industry contract." The most recent was at Everett, Wash., mills of Weyerhaeuser which were being picketed by A.F.L. in its demand for 7½¢ increase.

Following Sunday's "united front" meeting, Orton said he would shove his supporters into every mill struck by the new combine. By Tuesday, 20 major mills had been struck and their lumber labelled "hot." There are about 100 major mills in the area, producing 85% of the output. The rest is produced by 700 small operators.

• **Viewing the Situation**—The first government move was the appointment Monday of Dexter Keezer, president of Reed College, Portland, to "survey the situation" for the Labor Department. Seattle observers recalled that only last month the whole complicated situation had been threshed out before the Labor Department and representatives of the Defense Commission in meetings attended by spokesmen for both employers and unions, but with no progress toward a settlement.

Early this week, employers were preparing to form a negotiating committee to meet with unions. They emphasized that current lumber prices are only slightly above the 1937 level on which the present 62½¢ minimum was based, and contended that a 7½¢ increase was entirely unjustified.



Ignoring the Treasury's appetite, Pat Harrison (waving his cigar, above), chairman of the Senate Finance Committee, and Jere Cooper (at his right), chairman of the House Ways and Means Subcommittee on Taxation—who dined with other congressional and tax experts at the White House last week—agreed with the President that any new taxes enacted would not apply to 1940 incomes. (Both the first

and second tax bills passed by Congress this year apply to the current taxable year.) It's thumbs down on a sales tax, too, but the estate-gift tax structure is likely to be overhauled. Various members of the Finance Committee expect both individual and corporation income taxes to be upped in the long pull for defense—corporation taxes possibly going to 30% before the program is paid for.

Midget for Army

Truck ordered from Ford is 40 in. high, has six speeds, carries three men, and does tricks tank can't do.

Midget reconnaissance trucks for the Army, designed to replace motorcycles and sidecars, will start rolling from an assembly line at the Ford Motor Co. in January. These trucks can be hidden in brush and, it is claimed, climb out of holes that will stop a tank. They may even be suitable for transportation in the cargo holds of Army planes.

Ford got an order for 1,500 trucks to cost \$1,387,500. A week earlier, American Bantam Car Co. had received a \$1,419,051.15 order for small trucks of a similar design. However, it is understood that the Ford design is slightly lower in over-all height, which is desirable for concealment purposes. Height to the cowl of the Ford truck is only 38 in., and the windshield folds down to 40 in. Length is 81 in., tread 47½ in.

• **Three-Man Crew**—Despite the small size, the truck will carry a three-man crew, an all-angle machine gun to repel air attack, and a sub-machine gun. If necessary, the vehicle might be used for hurry-up transport of troops, although it is not designed for attack purposes.

The truck is equipped with front and rear blackout lights. Maximum speed is 60 m.p.h., 40 m.p.h. cross-country. Four-wheel drive in combination with a six-speed transmission provides maximum maneuverability over all sorts of terrain.

Six forward and two reverse speeds are supplied by means of the transmission, which is equipped with an auxiliary speed range. A lever is supplied to cut the front wheel drive in or out as needed.

• **Weights a Ton**—The Ford unit weighs about a ton, will carry in excess of 1,000 lb., and is powered by the four-cylinder tractor engine, which has been modified to supply 42 hp.

It is doubted that the Ford midget truck can be adapted to a track-laying type, even if needed, without considerable modification. Plans are now under way, however, for Ford of Canada to produce light track-laying vehicles for the Canadian government.

Ford, American Bantam, and Willys are the three firms mentioned as logical sources for 30,000 midget reconnaissance cars reported upon the Army's procurement list. So far 3,000 have been ordered.

Enthusiasts are inclined to view this type of vehicle as the last word in military motorization, representing a definite advance over any comparable development in any other army in the world.



The Ford Motor Co. will supply the U. S. Army with 1,500 of these midget trucks. Only 81 inches long, the trucks will replace motorcycles and sidecars, are designed to fit into the holds of big cargo and troop planes.

Mexico Joins Hemisphere Front

Wallace's visit and Avila Camacho's promises betoken an era of political and economic solidarity. U.S. business will be cautious, but all signs point to new opportunities.

With the inauguration in Mexico City last week of Manuel Avila Camacho, blessed by the presence of no less a dignitary than Vice-President-elect Wallace as personal representative of President Roosevelt, Mexico swung solidly into line with Washington's slowly developing program for hemisphere solidarity.

After the inaugural address, in which the new President specifically pledged himself to find a way of avoiding the endless labor conflicts which have unsettled Mexico for the last six years, to defend the Cardenas social reforms but to consolidate them rather than push radical new measures, and to encourage investors—both domestic and foreign—by protecting legitimate profits, there could be no doubt that one of the first big hurdles confronting advocates of New World unity had been safely cleared.

• **Others Will Fall in Line**—Mexico's emphatic adherence to the hemisphere policy, coming on top of the recent acquisition of air and naval bases in the West Indies, means that the Caribbean has become in effect "Mare Nostrum," for with Mexico "in line" the smaller countries in Central America and along the northern coast of South America are sure to embrace the program.

Studded though the week's news was

with foreign events of wide importance—the \$100,000,000 loan to China, the Rumanian upheavals, and, of course, the progress of the air war over Britain, the land war in Greece, and the naval war off the coast of Ireland—nothing was of greater long-range significance to the United States than the apparent new cooperation of Washington's nearest Latin American neighbor. For while Washington has not allowed recent strained relations with Mexico to stand in the way of important economic and defense deals with other Latin American countries, United States authorities admit that the hemisphere program has been complicated by Mexico's extreme socialistic program and the necessary reluctance of both governments to compromise on major issues.

• **New Man Has Hard Job**—It is no easy task that confronts the new Mexican President. He takes over at a time when Mexico is in the midst of serious economic difficulties. The country, due to the war, has lost all of its great foreign markets except the United States. Its oil industry—much of it expropriated from British and American owners—is in serious need of new equipment, new capital, and new markets. The railroads that have been taken over by the Mexican workers are suffering from lack of rolling stock.

The utilities and the mines which are

still operated by foreigners have not been modernized or enlarged during most of the last six years because of the antagonism of the government toward all foreign-controlled businesses. And, to many foreigners who believed that Cardenas' Mexico-for-the-Mexicans program must surely have added to the welfare of the Mexicans themselves came the shocking revelation last week that Mexicans actually had less to eat last year than before the six-year Cardenas régime.

• **Reforms by Cardenas**—When Cardenas became President on Dec. 1, 1934, he set out to raise the Mexican standard of living by boosting wages and cutting working hours, by breaking up the vast estates and parcelling them out among the peasants, by building roads and schools and improving sanitary conditions, and by forcing industry to accept a long program of reforms.

But despite doubling of the public health budget, Mexico's infant mortality rate has increased 9% between 1935 and 1939; the cost of living in Mexico City jumped 58% while wages climbed only 32%. Savings deposits, however, increased from 228,000,000 pesos in 1935 to 412,000,000 in 1939. The num-

ber of life insurance policies increased 66%. The education appropriation jumped from 31,336,420 pesos in 1933 to 67,078,445 in 1939, resulting in an appreciable decrease in Mexico's high illiteracy quotient.

• **Thousands of Strikes**—Cardenas' education program opened 13,000 new schools, but his social reform program with its strong protection of labor brought an average of between 10,000 and 15,000 strikes a year. And though his highway program has brought many American tourists to Mexico City, the reports of unrest during the present presidential campaign have caused the tourist business to drop nearly 40% this year.

Government finances have been drained by a generous system of offering credit to peasants who were being settled on new farms. Government farm credits jumped from around 26,000,000 pesos in 1933 to 60,000,000 in 1939. The policy, however, had its benefits. The city of Torreon, center of the great Laguna cotton-growing district, doubled its population and tripled its income as a result of the agrarian program. And the purchase of automobiles—especially Ford and General Motors cars—in-

creased more in Torreon than in any other section of Mexico.

• **Economic Monkey Wrench**—It was by subjecting industry to strict government supervision, by increasing industrial taxes, and by expropriating American and other foreign interests, that the Cardenas administration threw a monkey wrench into the national economy. Industrial output as a whole increased only 15% between 1935 and 1939, though Mexico needed all kinds of industrial equipment. Mineral production jumped 69% in the same period, but this was mainly due to the benevolent silver policy of the United States. And with the farm and oil expropriations in 1937, Mexico ran into real financial difficulties.

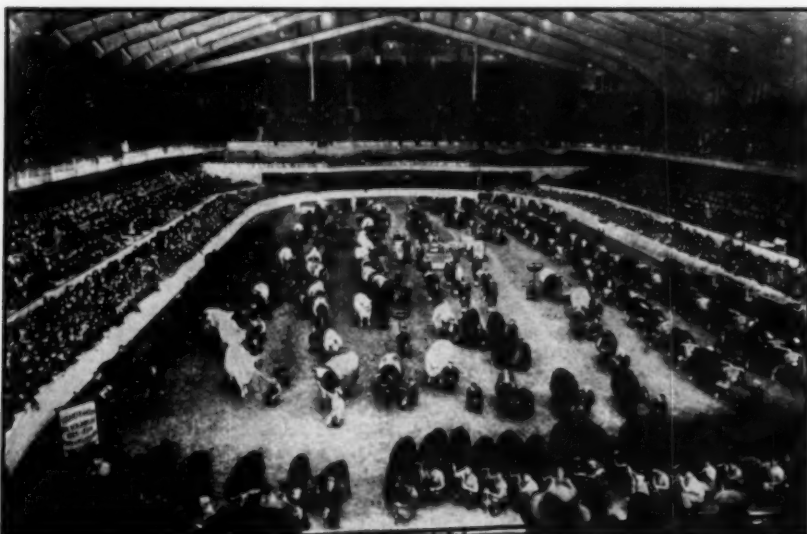
When Cardenas took office in 1934, the peso was worth about 27½¢. By 1939, it had dropped to 19¢. Evidences of improved relations with Washington are largely responsible for the recent recovery to around 21¢.

• **Other Unfavorable Factors**—Added to the unfavorable currency situation is the fact that the increase in general trade with the United States from about 644,000,000 pesos in 1934 to 914,000,000 in 1939 has not been enough to make up for the loss of Mexico's European markets since the outbreak of the war. On top of this, the very important oil industry has run into serious trouble by the almost complete loss of its foreign markets, the wearing out of equipment which was beginning to be obsolete even when the Mexicans took it over, and finally the exorbitant wage demands of the oil workers.

It was the accumulation of all these troubles which caused Cardenas during his last year in office to place less emphasis on social reform and more on encouraging industry and foreign capital. A ten-year tax exemption program for new industries was passed at the beginning of 1940 which caused American investors at least to prick up their ears.

• **Increase in Trade**—Trade between the two countries increased during 1940 despite a slump in the first six months due to the unstable political situation. And during the last four or five months of more favorable treatment on the part of the government, numerous American business men have turned up in Mexico City.

Avila Camacho, taking office in his stolid way at this time, is expected to continue and intensify the recent trends of Cardenas. Mexicans confidently anticipate that Washington and Mexico will soon announce an important naval base deal, with Mexico carrying out the projects under full sovereignty, but with Washington helping to provide the materials. But business "up north" will continue to move cautiously in Mexico until it is sure that Avila Camacho can put his promises to work.



CHAMPIONS ALL

Every year the élite of cattledom is lined up in Chicago at the International Livestock Exposition, as it was this week at this year's show. And for every prize steer on display there are a good many others not quite good enough. These others which fail to make the grade, however, have been coddled, groomed, and fed up on delicacies from the moment their owners began to feel that they might merit the show ring. They are very fine specimens, but when they become "show rejects" they are sent to the stockyards right

along with their humbler brethren. At the yards these 1,050 lb. to 1,100 lb. steers bring fancy prices. And, because most people watch cattle prices simply by looking at the quotation for "top steers," there grew the mistaken impression last week that the market was running away as top steers shot up to \$16 a cwt. Unfortunately for stock raisers such was not exactly the case. Ordinary grades were not much changed from recently prevailing prices around \$11.50. Stockmen's consolation is that cattle prices have been good for a long time and profits are handsome due to relatively low feed prices.

Nation Tools Up

Having doubled production in year, machine-tool industry has orders on hand amounting to about \$400,000,000.

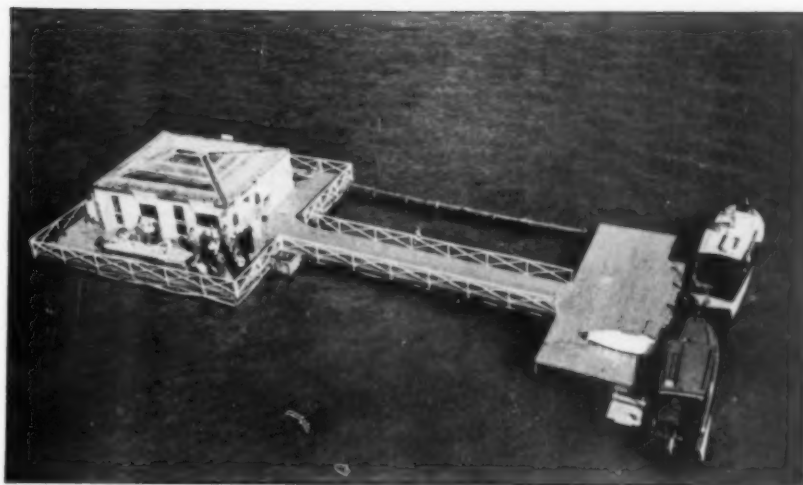
As Washington pounds away at the task of speeding armament production, the machine-tool industry again is under critical inspection to see what can be done to boost its output further (BW—Nov.23'40,p16). Critics in the Defense Commission point to England's machine-tool industry's shortage of capacity as the greatest handicap of all in the 1936-1939 period of preparation in Britain. They draw the conclusion that that must not happen here.

The machine-tool people themselves laid at rest the past week any idea that it will happen here. The National Machine Tool Builders' Association revealed results of a survey on the defense activities of 115 companies comprising 80% of the industry's capacity. It proved factually what many observers had known for a considerable time: That the industry has been enlarging its activities on an unprecedented scale as armament needs became definitely known.

• **Production Doubled**—For one thing, within a year from the day England and Germany went to war the U. S. machine-tool industry had doubled its production. The capacity still is not static, but is expanding. Whereas total output this year will be more than \$400,000,000, next year it is almost sure to be above \$600,000,000.

Sixty-five of the 115 companies have built plant additions the past year almost entirely without government money. The total estimated expansion of physical capacity in the industry since war started is put at 50%. One important point: The defense load is not falling equally on all companies. Certain types of machines are in extraordinary demand; companies making those types have increased their physical plants as well as their man-hours.

• **New Men Trained**—At least \$30,000,000 has been invested in new plant equipment by the industry, and em-



MIAMI HOUSING

Miami, Fla., one of the fastest-growing cities in the U. S. (BW—Nov.30 '40,p16), is in the thick of a building boom. The housing shortage has

even resulted in the construction of houses out in the middle of Miami's Biscayne Bay. Land under water rents for \$1 an acre 11 miles off shore in the bay. Besides the houses, a \$225,000 club has been built there.

ployment stands at 80,000 men (two years ago fewer than 40,000 were on the payrolls). The startling fact is that almost half of the industry's employees today have been trained on the job since September, 1939. In this training program three features are common to most companies: (1) Short-term learners' training is carefully distinguished from long-term apprentice training; (2) there is widespread co-operation with trade schools and vocational high schools; (3) actual training is done on the plant floor.

Sub-contracting is what has really enabled companies to go to town. Eighty-six companies of the 115 surveyed are having parts work done outside, 33 are farming out sub-assemblies. What surprised observers was the revelation that 23 companies have contracted for whole machines to be built outside. Most notable example is Kearney & Trecker Co., Milwaukee, maker of milling machines, which is having 500 machines built complete by Westinghouse at Pittsburgh and another 500 by Miehle Printing Press Co. At least two companies have more than 70 machine shops doing sub-contracting work for them.

The industry has done a large amount of engineering and product development pointed toward defense. One company, for example, has designed a new lathe for simultaneous turning and boring of anti-aircraft guns; another has developed a double-end lathe to turn propeller shafts.

In addition, the industry as a whole designed for the U. S. Ordnance Department (War Department) working drawings for two lines of single-purpose

shell-making machines. These machines can be made in large quantities in a short time in metal-working plants outside the machine-tool industry not engaged in essential defense work.

• **For Defense or for Britain**—Almost all the business in the machine tool industry today is for defense purposes or for Britain. Orders on hand today amount to around \$400,000,000, of which 65% is for defense work, 21% for British and 2.6% for Canada. Machine-tool builders themselves are still taking large quantities of machines as they endeavor to squeeze out more production. The domestic non-defense user has nearly disappeared from the scene temporarily.

The industry has recently acquired a number of so-called marginal producers who have come into existence as a result of the present opportunity to get business or who represent a revival of companies more or less dormant the past ten years or longer.

• **Ways to Spur Armament**—Aside from increased machine-tool output, several ways are open to getting armament manufacture rapidly under way. One method is to utilize all available machines now installed around the country which are idle or are on non-essential work. Another method (advocated strongly by companies making tungsten carbide tools) is to use cutting tool materials which will cut metal more quickly, thus increasing the productive capacity of each machine. The makers of carbide tools look significantly at England's and Germany's experiences, where carbide tools now are widely used to increase production when more output is sorely needed.

UP 1600% in 8 YEARS

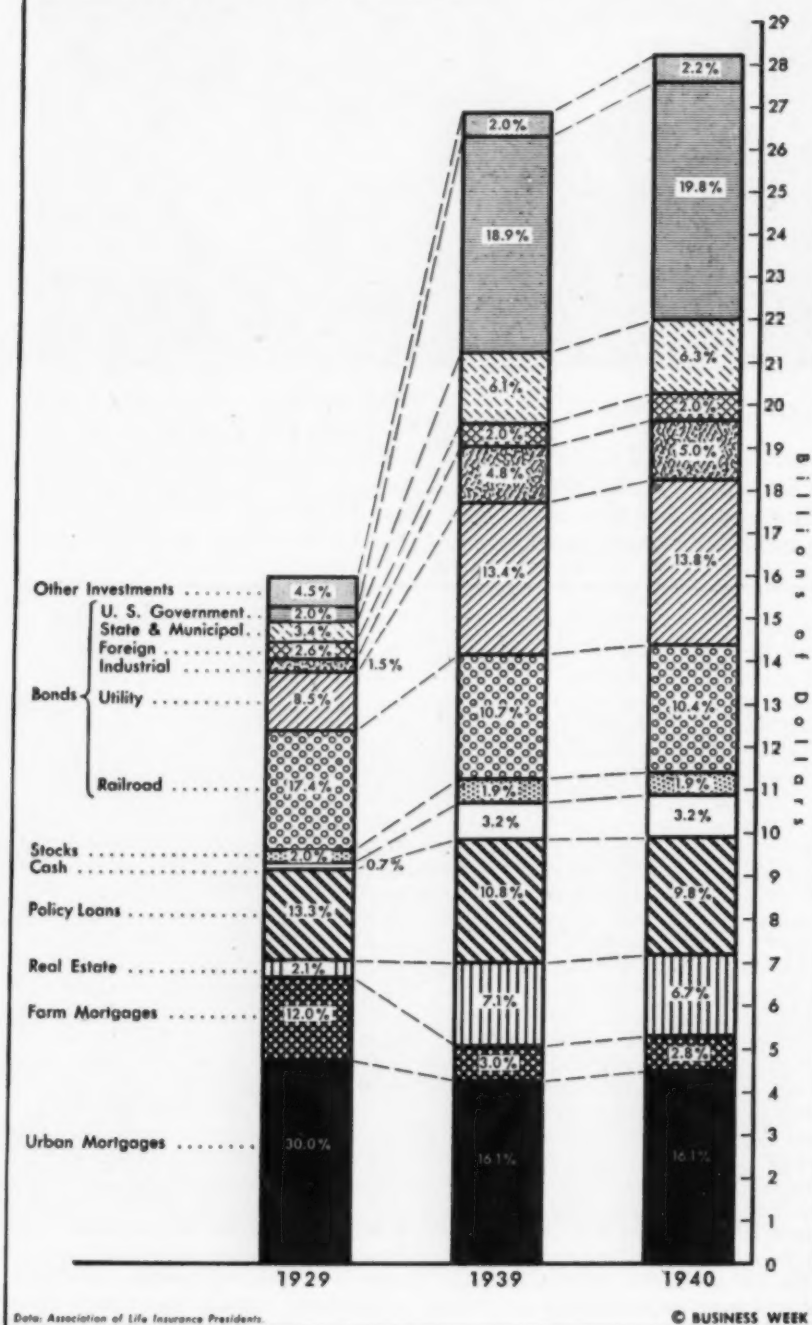
The rise in America's total machine tool shipments (domestic and foreign) is shown in these Department of Commerce figures (in dollars—000 omitted):

1933...	25,000	1937...	195,000
1934...	50,000	1938...	145,000
1935...	85,000	1939...	200,000
1936...	133,000	1940*...	425,000

* Estimated.

WHERE LIFE INSURANCE COMPANIES INVEST

(Combined data, 49 of the largest companies)



Year after year, the life insurance companies add to their holdings of United States government bonds for want of other sufficient investments on which a higher return can be made. Time was, as the above chart shows, when government bonds took up only 2% of the money the life companies had at work. When 1940 closes, however, this ratio will have been raised to

nearly 20% and actual holdings will have reached an all-time peak near \$5,600,000,000. That's an addition of a bit more than half a billion during a year in which assets of these companies grew by about \$1,400,000,000. These figures were made public by the Association of Life Insurance Presidents at their annual meeting in New York this week.

Voters Say No

Two state amendments fail for each one adopted. Public is becoming more wary about dishing out governmental largess.

Some 165 state constitutional amendments and other measures were referred to the voters for decision on last Election Day. Official returns on the stagglers will not be ready for a while. But the Council of State Governments estimates that for each proposition approved, the citizens booted two downstairs.

Generalities are hard to deduce from popular votes on proposals ranging in variety from Arizona's problem of whether to authorize gambling, and place it under the State Game Commission, to Louisiana's puzzler of what tax rate to apply to industries using as raw materials waste products or imported mahogany. The trend is further befogged by several gems of inconsistency. Washington's voters gave the President a big majority for a third term, but simultaneously refused to repeal its provisions against re-election of state officers. Colorado, already broke and several million dollars in arrears to old-age pensioners who have a strangle-hold on the treasury until these debts are paid, with one hand voted to keep its old-age pensions at its present over-optimistic levels, with the other hand voted against a tax on intangibles to finance the hand-outs (BW—Nov. 16'40, p24).

• **Straws in the Wind**—Nevertheless, some outstanding trends can be detected. For one, the public no longer believes that Santa Claus replenishes state treasuries. Where, four years ago, the voters dished out largess to practically all worthy applicants, this time most of the states said "No!" and kicked the rascals on the shins.

Best index is that of nine assorted tax exemptions offered in various states, only one was accepted—Florida's negligible generosity to widows without dependents. Voters rarely reject a chance to extend homestead exemptions to their own good, comfortable farms. Yet Arizona and North Dakota would not have the \$5,000 homestead exemptions offered them. Louisiana turned down every one of the half-dozen exemptions on its ballot, though most of these were aimed at enticing out-of-state industries and making banks safer for depositors.

• **Other Exemptions Spurned**—So hard-boiled were the voters that California rejected exempting fishing vessels of more than 50 tons, and Arkansas refused exemptions on personal property of \$50 for single persons and \$100 for married. In its review for tax experts, the National Association of Tax Assessors speaks of the Florida vote as "the

Which is EASIER TO READ?

OLD 0 0 0 0 0 8 5 0 5 2 0

NEW 8 5 0 5 2 0

00000850520 is the same number as 850520—but the latter is more easily and faster read, less likely to be incorrectly copied. Hence, the figure 0 no longer appears on Model M Comptometer answer dials, unless it is preceded by an integer (as in the number 850520).



EASIER READ ANSWERS... FOR GREATER SPEED AND ACCURACY

The newest improvement in the Model M Cushioned-Touch Comptometer adding-calculating machine eliminates all ciphers in the register dial to the left of the answer.

This improvement makes possible even greater speed and less likelihood of error in reading answers. Eye travel is limited to the length of the answer, instead of extended the width of the machine. This means less eye-strain and nerve-strain on operators, hence increased efficiency.

With Comptometer's exclusive Controlled-Key safeguard (which eliminates operating errors due to imperfect key manipulation), it acts to set a new high standard for first-time accuracy.

In short, it means even greater "Comptometer Economy": More figure work handled in less time at lower cost.

Your local Comptometer representative is prepared to show you (in your own office, on your own work) how this improved Comptometer can substantially reduce your figure-work costs. Telephone him—or, if you prefer, write direct to Felt & Tarrant Mfg. Co., 1733 N. Paulina St., Chicago, Ill.

COMPTOMETER
REG. U. S. PAT. OFF.
ADDING-CALCULATING MACHINES



The Spirit of the Holiday Season

THE true spirit of the Holiday Season—of Christmas and the New Year—is best expressed in humble gratitude for our blessings . . . in good will and the brotherhood of man . . . and a stronger faith in the ideals and institutions which have made our nation strong.

It is in this spirit that we express our gratitude for your friendship and patronage.

And it is in this spirit, that we wish for you a good old-fashioned Merry Christmas and a full measure of happiness, health and prosperity in the New Year.

*Norfolk
and
Western
Railway*

single exemption amendment which weathered the storm of protest against further erosion of the property tax."

Florida abolished state-assessed ad valorem taxation upon real and tangible property (not intangible) after December, 1940. The amendment requires the legislature to raise sufficient revenue from other sources. Ever since the real estate boom of the 1920's, Florida assessment conditions have been less than satisfactory, and in some cities and counties there has been a strong sentiment against all real-estate taxes. The new amendment is a compromise measure. Some curbstone experts guess that, since Florida's constitution prohibits an income tax, a sales tax will follow—as it has in most of the states which have previously discarded ad valorem taxes.

• **Old-Age Setbacks**—Old-age security came off less successfully than in previous elections. Arkansas, already scraping bottom with its pension rates, rejected a proposal to set up a new system of old-age assistance and to lower the age limits. Washington raised pensions from \$30 to \$40 a month for persons over 65. Both Washington and California abolished liens on the property of an old-age pensioner.

Oklahoma had a red-hot battle over authorizing a graduated land tax which would apply low rates to small holdings and higher rates to larger holdings. The proposal was aimed less at the insurance companies (which already have to pay higher rates after the first few years of ownership) than at inflation-fearing oil men who now own much of the rich wheat acreage around Enid. The "silent vote" killed the graduated tax; of those ballots marked, the proportion was 2 to 1 in its favor.

• **North Dakota, Too**—North Dakota voted down almost the same proposal, and also rejected a scale of fractional assessment levels: 100% of full value for utilities and railroads; 75% for other real property and for business personal property; 25% for household furnishings and agricultural equipment. Although the amendment would have lowered taxes for most voters, it would have raised tax funds available for the state government to spend.

Idaho, Nevada, and South Dakota voted to prohibit diversion of gasoline and other motor vehicle taxes from highway uses. This type of amendment, fostered by petroleum, automotive, road-machinery and road-material interests, now exists in close to a dozen states. Arizona rejected a proposal compelling the state to divvy up gas-tax money with local governments.

• **Liquor Losses Offset Gains**—Liquor gained no more ground than it lost. Oklahoma voters refused to repeal their state's prohibition. Oregon rejected a plea to substitute private-store sale for state liquor stores. Idaho turned down county option. Maine and New Hamp-



JOINT EFFORT

Fifteen utility companies from as far away as 700 miles rallied to the aid of Amarillo, Texas, last week when one of the severest storms ever to hit the Panhandle left Amarillo ice-bound and isolated, without water, without power, and with very limited telephone service. Hampered by mud and debris, some 200 linesmen and helpers worked through the week to rebuild the crippled transmission and distribution systems of the Southwestern Public Service Co.—including crews and trucks from the Texas Power & Light Co., and Texas Electric Service Co. of Fort Worth, the Dallas Power & Light Co., as well as utilities in Kansas, Missouri, Oklahoma, New Mexico, Arizona, and Colorado.

shire meanwhile held local-option votes in all towns, with results not materially different from the status quo.

Enriched Flour

Millers map standards of vitamin and mineral fortification for FDA approval. "Vimin" is name favored for product.

Strategy along an important sector of the nutrition front was mapped at hearings before the Food & Drug Administration in Washington last month when the milling industry recommended new flour standards and definitions. Main objective is to regularize flour's function as a vitamin and mineral vehicle.

A committee of the Millers National Federation, headed by Clarence M. Hardenbergh (Commander-Larabee Corp., Minneapolis), heeding advice of



For Distinguished Service

THE BADGE YOU SEE HERE is a coveted emblem... a symbol of 20 years of loyal and efficient service to Metropolitan's policyholders, and to the communities in which they live.

Today, more than 1,500 active Metropolitan Life Insurance Company field-men are proud possessors of this badge.

Over 7,000 members of the field organization have been in the business from 5 to 10 years; more than 3,800 enjoy 10 to 15 years of experience; and over 1,800 from 15 to 20 years. Fewer than one out of every eight field-men have served Metropolitan policyholders less than two years.

These years of continued service have an important bearing on the quality of advice and help which policyholders receive from Metropolitan representatives in the United States and Canada.

All field-men receive preliminary life insurance instruction before they begin their work of serving policyholders. Thousands of field-men regularly receive further instruction in the many courses conducted by the Company throughout the country.

During 1939, some 567 managers and assistant managers attended special courses; another 1,198 assistant managers received training in the field from the Company's full-time staff of 94 field training instructors. Also, 739 agents, assistant managers, and managers were studying for their "Chartered Life Underwriter" degree. This is awarded only to those who complete specified studies in the application

of life insurance to individual needs and in such technical phases of life insurance as its relationship to problems of taxation and inheritance. Additional thousands of field-men received instruction in other educational projects maintained by the Company—all with a view to assuring policyholders the utmost benefit from their life insurance.

Thus does the Metropolitan agent, with the co-operation of the Company, strive constantly to increase his knowledge and to keep abreast of the times.

The services the agent renders are many and varied. Helping the policyholder select the kind of insurance best suited to his needs and delivering the policy are only the beginning of a long series of services.

Many policyholders pay their premiums weekly, or monthly, and the field-man collects them.

When necessary, agents adjust insurance plans to new personal or family situations. Policies are checked to make sure that desired beneficiaries or contingent beneficiaries are properly named. Dividends are paid or credited.

When the death of a policyholder occurs, the agent often helps to prepare the claim papers and to get the check promptly to the beneficiary. Death claims were paid on an average of over 7,000 policies per week in 1939.

In addition, every week in 1939, more than 75,000 so-called transfers took place

—occasioned by change of address or similar causes. In nearly every case some agent served the policyholder. In almost 7,600 communities where Metropolitan nursing service is available to Industrial policyholders, it is usually the agent who brings word of the policyholder's need for it.

If you need assistance with any problems connected with your life insurance, call in your Metropolitan agent. He will gladly consult with you, and help prepare and file necessary papers. There is no reason for paying anyone to perform these, or similar, services. As a Metropolitan policyholder, you are entitled to the free advice of your agent.

COPYRIGHT 1940—METROPOLITAN LIFE INSURANCE CO.

This is Number 32 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD

Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



leading nutritionists, recommended that thiamin (Vitamin B₁) be a required ingredient of the new flour, with the following optional: calcium, iron, riboflavin (Vitamin B₂), nicotinic acid, and Vitamin D (sunshine).

• **What's in a Name?**—"Vimin" (Vitamin plus MINeral) is the name millers favor for the fortified product. Government representatives argued that "restored, enriched, or fortified" would do very nicely, and that no special name was needed. The millers, however, are loath to handicap regular flours, which will continue to be made, by raising a question in the consumer's mind as to what was missing in the first place.

After the formal briefs are filed (Dec. 17) it will be the FDA's move, and speedy promulgation of the new standards is expected.

• **Black-Bread Blackout**—One route to enrichment is "long extraction"—retaining more of the whole wheat berry. The desired elements are usually found in increasing amounts as the berry is analyzed from the center of the endosperm to the outer bran coatings. The catch is that, despite half a century's preachments by the faddists, from dour Sylvester Graham down to Bernarr Macfadden, Americans have simply declined to eat dark flour (it accounts for little more than 2% of flour used today). So that solution is not being seriously considered.

A second method—the feasible one—is to add the nutrients to fine white flour.

This is somewhat more expensive; how much so the millers are not ready to predict. But one definite advantage of fortification is that it makes possible a product always uniform in vitamin and mineral content whereas "long extraction" cannot be depended upon in that respect. Different wheats vary, and the same variety from the same locality varies from crop to crop.

That no over-enthusiastic advertiser may claim his flour has ten times as much vitamin content as another's, the millers suggest maximums as well as minimums for Vimin, with a ceiling three or four times the minimum.

• **Go Easy, Please**—The millers also plead for tolerance in enforcement by FDA until the industry can establish satisfactory controls and procedures. Many mills will require new equipment. Procurement of some of the vitamin compounds may offer difficulties, and in the case of at least one item, nicotinic acid, there is as yet no method available for laboratory determination.

The millers figure that if wheat were now consumed as flour at the per capita ratio which prevailed in 1900 we would be using 200,000,000 more bushels of that grain a year. By complying with nutrition-conscious public opinion, they see an opportunity to do a good stroke of business in regaining markets lost to other articles of diet. The United States Army, which will largely bake its own bread, is expected to make the fortified article standard.



PROGRAM FOR INDUSTRY

Four members of the Resolutions Committee of the National Association of Manufacturers—George W. Guth of the Socony-Vacuum Oil Co., N. Y. C.; Walter D. Fuller, president, Curtis Publishing Co., Philadelphia, and chairman of the committee; Paul S. Clapp, vice-president, Columbia

Gas and Electric Corp., Columbus, Ohio; and William Frew Long, general manager, Associated Industries of Cleveland—which has drafted the timely program to be presented at the annual N.A.M. convention in New York next week. The theme of the meeting (see *The Trading Post* on page 59) will be "Total Preparedness for America's Future."

LABOR

A.F.L. About-Face

Traditional philosophy of voluntarism buried by delegates at New Orleans, who plump for strong government action.

Sixty years ago, Samuel Gompers and a little band of determined men established the American Federation of Labor. The institution which they launched has weathered storm and stress, and now its strength is at an all time high (BW—Nov. 16 '40, p14). But the foundation of the house of labor has been changed. Gompers built his house on the rock of "voluntarism," which was the official philosophy of organized labor for more than two generations.

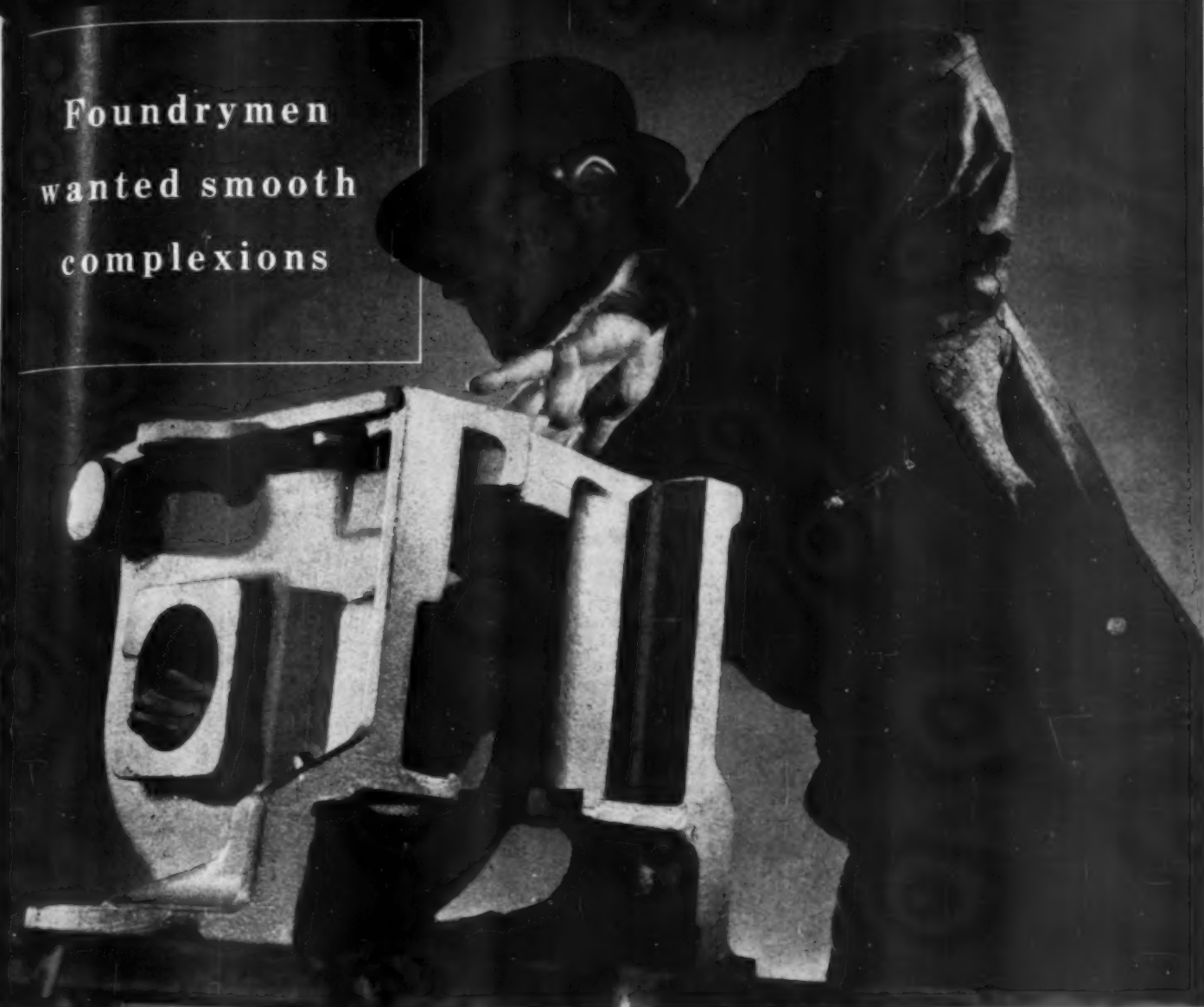
Voluntarism is anti-governmentalism. It sprang from the conception that organized labor was fated ever to be a minority group in America. Minority consciousness bred distrust of strong government; opposition to the extension of government interest in labor relations. Their minority status made union officials believe, and history supported them, that whatever assurance labor had that laws would not be used against labor went by the boards when a crisis, like a strike in a vital industry, developed. Therefore Gompers, and his heirs, feared and opposed strong government; worked for a "hands off" government policy toward labor, preached that labor must rely on its own strength.

• **New Era Arrives**—The great depression of 1929 and two terms of Franklin D. Roosevelt made the leaders of labor rethink their guiding precepts. When Roosevelt was elected for a third term and two weeks later A.F.L. delegates gathered in New Orleans for their 60th annual convention, voluntarism was dead. Before the two-week meeting was over, it had been laid to rest; buried by some 300-odd unopposed resolutions calling on the government to do this and that and do it more strenuously than ever before.

More fundamental than the fisticuffs over resolutions on racketeering, which made headlines, more important than preachments about cooperation for defense, the A.F.L. convention which closed last week made dependence on and collaboration with government an accomplished fact.

• **Compromise on House-Cleaning**—The convention disposed of its most controversial problem, eliminating racketeers, by urging affiliated unions to revise their constitutions and make union

Foundrymen wanted smooth complexions



This casting is the transmission housing for a heavy motorized vehicle, one of thousands of types of castings now needed fast.

Foundrymen had long sought a core-making material that would aid in speeding up foundry production—by cutting rejects, and helping them turn out more castings with smooth complexions, free from sand spots, surface irregularities and cracks.

Hercules research found a way to help . . . discovered an unusual natural material in powdered form, which, mixed with core and molding sand, now aids in producing better castings. This material, Truline* Binder,

fuses and grows strong in the baking ovens; then hardens on cooling, to bind the core and molding sand with uniform strength. After castings have been poured and the metal has set, the core accommodatingly collapses, shakes out easily, and saves cleaning time. The same material is also used in washes that slick the surfaces of core and mold, further smoothing the complexions of the finished castings.

Already foundrymen are using millions of pounds of Truline Binder for casting grey iron, steel and other metals. It weighs only a pound a quart; costs but a few cents a pound; is absolutely uniform. It often cuts



core-making costs, and enables foundries to use reclaimed sand or mixtures—a further saving.

Are you surprised to find Hercules in a foundry? The fact is that we are serving a wide variety of industries. Almost everywhere you see a factory chimney, Hercules products either are or can be used. Many of these applications came about because some one had heard of Hercules' research and service, and asked if we could help to solve a problem.

Perhaps we can aid you in *your* business—an inquiry will cost you nothing.

•Reg. U. S. Pat. Off. • IN-117



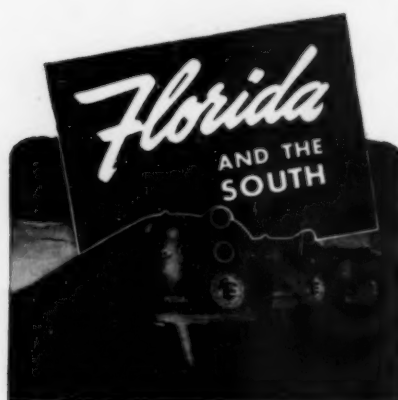
HERCULES POWDER COMPANY

INCORPORATED

WILMINGTON

DELAWARE

PRODUCERS OF CELLULOSE DERIVATIVES, NAVAL STORES, INDUSTRIAL EXPLOSIVES, PAPER-MAKING AND OTHER PROCESSING CHEMICALS



MORE TRAINS MORE SPEED MORE LUXURIES

Here again, for the 54th consecutive season, is the greatest variety of fine train services between the East and Florida. This season, Coast Line features *more trains*—8 fine trains daily; *more speed*—22 new Diesel-electric locomotive units; *more luxury*—the only Recreation-Entertainment cars in the world, Tavern-Lounge and Tavern-Lounge-Observation cars for coach passengers, and many other innovations. Yet it costs no more for you to enjoy these modern travel comforts and luxuries enroute. So specify your train by name and go via Coast Line.

8 FINE TRAINS DAILY

FLORIDA SPECIAL (East Coast) Nos. 87-88
—“The Aristocrat of Winter Trains.” All Pullman. Effective Dec. 13.

FLORIDA SPECIAL (East Coast) Nos. 187-188
—Companion Train, earlier departure. Eff. Jan. 9.

FLORIDA SPECIAL (West Coast) Nos. 287-288
—Pullman and super de luxe coach service to central, west and south Florida. Eff. Dec. 13.

THE MIAMIAN—“The train of society.” Forenoon arrivals (Miami 12:40 P.M.). Eff. Dec. 13.

THE CHAMPION—This famous all-coach streamliner will be doubled in capacity and Diesel power Dec. 20. Now in service.

VACATIONER—Greatest super de luxe coach train—1½ hrs. faster this season. 25 hours New York to Miami. Now in service.

HAVANA SPECIAL—Latest departure, earliest arrival—“saves a full business day.” Now in service.

PALMETTO LIMITED—Serving the resorts of the Carolinas and Georgia. Now in service.

Service to all Florida East Coast points operated in connection with Florida East Coast Railway.
Ship your car ahead—It costs but little.
Offices in principal cities.



office untenable for predatory muscle-men. The Federation pledged itself to use moral pressure and public condemnation to prevent such scandals as the Scalise reign in the Building Service Union and the widely publicized exploits of Bioff, Lepke, and Circella. David Dubinsky, president of the International Ladies' Garment Workers' Union, lately returned to the Federation fold after an interlude with the C.I.O., carried the banner for the group which demanded that labor clear its skirts of “underworld scum.” The resolutions committee worked out a compromise which put the Federation on record, yet preserved the rights of self-government which each international union insists on. Although Dubinsky didn't get all he asked for, he didn't oppose the compromise. “Rome wasn't built in a day,” was his comment.

• **More Government**—But the Federation as well as the C.I.O., its lusty prodigal, makes its No. 1 objective a partnership with government. It wants more and stronger, not fewer and weaker, boards, bureaus, and commissions to smooth the way for unions. It asks for a responsible voice on the Defense Relations Act trimmed closer to its interests, an NLRB more forthright in its defense of craft rights. It demands harder-hitting administration of the Walsh-Healey Act, extension of wage-hour laws, broadened social security.

Back Pay or Else—

Strikers to be reimbursed in instalments geared to lumber company's production. Ceiling put on top executive salaries.

An agreement providing for instalment payment of back wages to former strikers of the Carlisle Lumber Company of Washington state was approved last week by the United States Circuit Court of Appeals in San Francisco. It outlines the method by which the company will pay \$158,795 in wages to 148 employees who struck in 1935.

The agreement developed out of hearings held before a special master, Estes Snedecor of Portland, Ore., and has been signed by representatives of the National Labor Relations Board and the lumber company. The concern fought a losing fight through the United States Supreme Court against an NLRB order to reinstate the workers with back pay.

• **Production Basis**—The agreement provides that until the wages are paid, the combined salaries of the three principal officers of the company, and its subsidiary, the New Aukun Valley Railroad, must not total more than \$25,000 annually, and the company will be obliged

to pay the back wages in proportion to the lumber it produces.

The company must allow full credit to the extent of individual wage awards on debts owed it by employees. On Dec. 2 it had to pay each employee 5% of the back wages due him. On Dec. 31, and on the last day of every month for a year, the back wages must be paid at the rate of 45¢ per 1,000 board feet of lumber produced, and, beginning Dec. 31, 1941, the rate increases to 75¢ per 1,000 board feet produced.

The whole amount becomes due at once if the company sells out. The concern cannot mortgage any of its property except to get working capital.

Industry on Guard

While Washington denies there is wave of sabotage, the FBI lists precautions that will increase plant protection.

An explosion or fire in a plant working on defense orders is an invitation to scare headlines and dark hints of sabotage by fifth columnists. Washington officials deny there is any wave of sabotage, declare that few if any of the recent sensational accidents in powder mills and shipyards were the work of spies. The common causes are a faster industrial tempo, a larger percentage of green hands, re-use of old plant and equipment, slacking of safety rules under pressure for production.

Nevertheless, publicity on mishaps emphasizes the need for precaution. On Monday the President signed a bill expanding the 1918 Anti-Espionage Act (which had applied only to time of war) to make peacetime sabotage a federal offense. Last week Representative Smith, of Virginia, introduced a bill in Congress which would provide penalties up to life imprisonment for saboteurs of defense industries. Meanwhile, the Federal Bureau of Investigation has quietly extended its protective measures for manufacturing plants and utilities.

• **Plants Are Surveyed**—The FBI has practically completed surveys of over 1,000 plants which the Army wanted inspected. (Upon request the government will inspect any defense plant or service vital to defense, making non-compulsory recommendations; address Federal Bureau of Investigation, U. S. Department of Justice, Washington, D. C.) General advice for plant protection is contained in a confidential FBI booklet which can be obtained by properly authorized executives.

The plant should be completely fenced, space between fence and buildings kept clear, lights installed to flood such areas, lights kept on inside buildings. First requirement in any protec-



HIT...and miss!

Just hitting the nail on the head is no assurance of driving it true. The mere buying of air conditioning or refrigeration isn't the answer to any man's problem. He wants to be assured the installation he buys will pay.

So it's small wonder that business leaders everywhere endorse York's profit-minded engineering, the basic concept that every York job must profit the user.

Will Pay Out in First Year, Says SKF

A case in point is York air conditioning in the world-famous **SKF** bearing plants in North Philadelphia where elimination of dust and control of humidity have put an end to damage from

rust and dirt, provided working conditions that have speeded production, cut rejects 70 per cent and customer complaints 80 per cent. This installation is well on its way toward paying for itself in the first year of operation!

If this is the engineering approach you want on your problem, call "Headquarters" and give yourself the benefit of 56 years of experience gained in more than 150,000 *engineered* air conditioning and refrigeration installations.

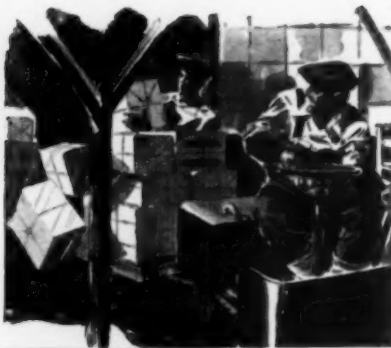
York Ice Machinery Corporation, York, Penna. Branches and Distributors throughout the World.



YORK REFRIGERATION AND AIR CONDITIONING

"Headquarters for Mechanical Cooling Since 1885"

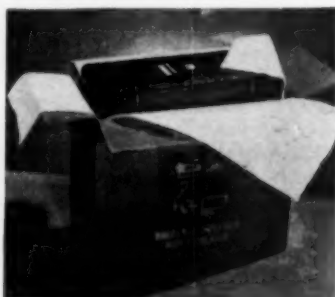
A FEW OF THE MANY NATIONALLY-KNOWN USERS OF YORK EQUIPMENT—Armour • A. & P. • Bethlehem Shipbuilding • Borden • Canada Dry • Coca-Cola • Curtiss-Wright • du Pont • Eastman Kodak • Firestone • Ford • General Baking • General Foods • General Mills • General Motors • Goodrich • Gulf Oil • Monsanto Chemical • Norton Company • Paramount Pictures • Pennsylvania R.R. • Procter and Gamble • **SKF** Industries • Shell Oil • Socony-Vacuum • Swift • Texas Company • United Fruit • Woolworth



Kimpak

REG. U.S. PAT. OFF. & REG. IN CANADA
CREPE WADDING

*protects your product
dresses your package*



The popular Zenith Chairside Model Radio is protected in transit by KIMPAK Crepe Wadding.

■ Why risk disappointing your customers with merchandise damaged in transit? For your protection, and their good will, pack with KIMPAK.*

Soft, yet resilient, KIMPAK acts as a shock absorber for your product in transit—guards against breakage, scratches, "press marking" and surface "burning". What's more, KIMPAK helps to dress up your package and give it far more sales appeal.

KIMPAK comes in rolls, sheets and pads of wanted thicknesses and sizes which can be applied quickly and easily without fuss, muss or waste. It can be used for packing nearly every type of product. And since KIMPAK absorbs 16 times its own weight in moisture, it more than meets government postal regulations regarding shipment of liquids.

Mail the coupon today and receive further information and samples for testing.

*Reg. U. S. Pat. Off. and Foreign Countries

FREE! 1940 PORTFOLIO OF KIMPAK

KIMBERLY-CLARK CORPORATION
Neenah, Wisconsin

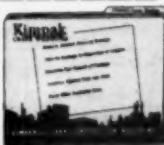
Address nearest sales office: 85. Michigan Ave., Chicago, 122 East 42nd St., New York City, 510 W. Sixth St., Los Angeles. BW12-7

Please send us the 1940 Portfolio of KIMPAK.

Company

Address

Attention of.....Our Product is.....



tion survey is determination and defense of danger points where a single act of sabotage would cripple all operations—such as water and power sources of industrial plants, penstocks and turbines of water power units, tunnels and bridges of railroads.

• **The Matter of Entrances**—Plant fences should have as few entrances as possible, each with a guard to examine passes of visitors and workers. Employees should be assigned gates which each would use exclusively for entrances and exits. Special attention is due all irregular entrances (fire escapes, sewers, ventilator openings, coal chutes, sidewalk elevators). Spur tracks should have gates and guards when open. Parking areas should be outside the plant fence. To prevent entrance of automobiles, delivery platforms should be at the fence line. If trucks must be admitted, complete records ought to be kept of both machines and personnel.

The FBI suggests that employment application forms include information on citizenship, immigration status, names and addresses of relatives (particularly those in foreign countries), relatives employed in any government service, military experience, activities from 1914 to 1918, details on arrests, three references excluding relatives. Facts given should be verified. Local

residents, especially home owners, make the most desirable workers. Employees should be instructed on how to help guard the plant. Checking of all absences is important.

• **Strategy in Routine**—Rest rooms, cafeterias, etc., ought to be located so that employees can reach them without passing through areas where they have no business. Employees should change clothing and leave lunch boxes in locker rooms which should be distant from important plant areas. Vital departments should be accessible only to persons regularly employed there.

The FBI advises cards in addition to badges for employee identification. The badge can have two colors—one to indicate the wearer's regular employment department, the other to indicate his rights in restricted areas.

• **Application Form**—The term "plant visitor" includes utility repairmen, vendors, salesmen. Before receiving a badge, the visitor should make out an application form and this should be filed. No visitor should enter or go about a plant unaccompanied. Visitors' cameras encounter a special taboo. All packages entering the plant ought to be carefully inspected. Incoming mail should be examined at a receiving station distant from vital plant areas as a precaution against infernal machines.



Vultee Aircraft is one company that takes the precautions suggested by the FBI to guard against sabotage in its Downey, Calif., plant. Employees returning to work at Vultee last week,

after the settlement of the strike (BW—Nov.30'40,p57), were examined by guards at every gate, who checked their identification badges and searched their lunch boxes.



*for extra privacy and comfort...
costs you very little extra!*



A Pullman "Section" comprises upper and lower berths. When purchased by one person it is called a "Single Occupancy Section"—giving exclusive use of both seats. Extra space and privacy make an especial appeal to business men with work to do!

DAY



At Night you get extra space normally made into an upper berth—giving you more room for dressing and undressing. . . . All "Section" cars offer the convertible feature illustrated here in which bed folds up (giving standing room, a mirror and shelf for toilet articles).

NIGHT

Gives exclusive use of both seats by day—plus extra space normally made into an upper berth at night . . . for just a fraction over lower berth cost!

The place you belong at Christmas is "back home." So, resolve now to drop everything and get back home this Christmas!

If you're going alone, indulge yourself in the comfort of a Pullman "Single Occupancy Section" (S.O.S.). It's made to order for comfort. And it costs only about a third more than a lower berth!

Its advantages are shown at the left. If you didn't know about this Pullman bargain, you'll welcome the tip we're giving you.

For a mere trifle extra you may have one of the new "Roomettes" or "Duplex Rooms", available on many principal trains. If you want still more room, take a "Bedroom."

When traveling with your family you'll probably want to consider adjoining "Bedrooms," or else a "Compartment" or "Drawing Room."

Taking into account the superb comfort of Pullman travel, you'll be surprised at its low cost. For example, on the average overnight trip of 300 miles, a lower berth costs a mere \$2.65*.

On Pullman you can take all the luggage you need free, in addition to 150 lbs. free in the baggage car.

Pullman's service takes you practically anywhere, including certain colorful, interesting places in Canada and Mexico. Go Pullman!

**Plus your first class rail fare*



You Don't need to look at the weather report when you go Pullman! Weather's ordinary peccadilloes won't slow you up or decrease safety in the least . . . Inside Pullman, scientific ventilation and air-conditioning keep it "June."



Pullman's Rooms (many different types are available) offer "private apartment" comfort for little if any more than individual lowers would cost. The perfect economical way for families to travel!



You have no excuse for not going "back home" often when you realize how easy Pullman makes it. Like traveling in a private club. Think of it that way! If you do, you'll go Pullman more often!

Pullman's

Copyright 1940, The Pullman Company, Chicago

Single Occupancy Section

and private rooms for all who want to be alone

★
for the jobs
America has to do



Dependable Continental Motors

★ Famous Continental Red Seal motors, leaders in the field of power, are more than ever in the limelight of today's progress.

On the road, on the farm, at sea, in the air, in oil fields and throughout industrial America, Continental smooth, dependable Red Seal Power is taking an active part in the many important jobs America is doing today.



Continental
Motors Corporation

MUSKEGON, MICHIGAN, U.S.A.

AUTO SHUTDOWN

While Chrysler Corp. and United Automobile Workers' Union representatives engaged in behind-closed-doors discussion of a revised agreement (BW—Nov.30,'40,p56), the Detroit labor spotlight shifted to the Briggs body plant where colleagues of the negotiators were embroiled last week in a dispute which extended to 20,000 workers in Briggs and Chrysler's Plymouth Division.

Downward revision of production schedules in the body plant, where side-panel manufacture was cut from 48 to 24 panels per hour, provoked differences over man-hour output, with the company charging that the union was initiating a slow-down. As a disciplinary measure, the U. A. W. department steward was sent home. Seventeen workers in the side-panel department quit in protest. As the department forms an integral part of body production, the company was forced to lay off 5,000; an entire shift. With the body plant down, the Plymouth division with which it interlocks, had to be closed. Result: 20,000 idle.

Over the week-end, the negotiating conferees tabled the discussion of a new agreement and met with Federal Labor Conciliator Dewey. This week they produced a settlement under which the men will return to work pending adjustments in production schedules.

REGULATING SOLICITATIONS

The National Labor Relations Board, in response to requests for clarification of its decision in the Paragon, Bersted, and Jensen Radio cases (BW—Nov.9 '40,p48) in which it ordered the reinstatement of employees discharged for breaking plant rules, offered last week an interpretation of its ruling. The board explained that it "has never held that discharge for infringement of a plant rule is in itself an unfair labor practice. The board's sole right to reinstate must rest upon a finding that the discharge was occasioned by union membership or activity." In the controversial cases at issue, NLRB findings led it to the conclusion that breaching of plant rules was only a pretext for discriminating against unionists.

Previously, it had been reported that employers, anxious to square their plant rules with NLRB dicta, were extending regulations to prohibit solicitation of all kinds on company time and property lest they be accused of allowing one kind and prohibiting another, thus opening themselves to charges of discriminating against union activity. This elicited inquiries at the board by Red Cross and Community Chest officials to whom the board wired in reply, "Solicitation of funds for Red Cross and Community Chest at industrial

plants should not and does not bear any relation whatsoever to issues which might arise under National Labor Relations Act. Please make this point without reservation to all concerned."

JOB-AGENCY PICKINGS

The California private employment agency business, which attracted national attention when it siphoned phenomenal sums out of airplane-plant job-hunters (BW—Oct.5'40,p55) came under state surveillance recently and last week was the subject of a detailed report issued by the California Department of Industrial Relations.

The report revealed a multi-million dollar business, flourishing like a green bay tree. The analysis showed that pickings were sweeter in southern California, for a bookkeeper obtaining a \$150 month job in San Francisco would pay a fee of \$45, while in Los Angeles he would pay \$75.

Last year California job-seekers paid more than \$830,000 to 204 private agencies in the state. Also, fees amounting to about \$5,000,000 were paid to theatrical and movie agencies for jobs in Hollywood's glamour industry.

A BONUS FOR STRIKERS

Despite the strike six weeks ago which closed 1,200 of the American Stores Co. retail outlets in Pennsylvania (BW—Oct.26'40,p53)—and caused a drop in sales of more than \$2,000,000 below last year for the five weeks preceding Nov. 2—American announced last week that it will distribute a Christmas bonus to employees amounting to \$130,000. The company said that business so far this year is almost \$10,000,000 ahead of last year and declared a 25¢-a-share Christmas dividend as well as the bonus.

ANTI-UNIONIST TRANSFERRED

The seven-day strike which stopped production at the Aluminum Company of America's New Kensington plant (BW—Nov.30'40,p58) ended last week with both Alcoa and the Aluminum Workers' Union (C.I.O.) voicing satisfaction over the outcome.

The dispute arose when a non-union worker threatened a union committeeman who urged him to pay union dues. Unionists refused to go on working with the aggressive independent. The settlement provides that the anti-unionist be transferred to the Logan's Ferry (Pa.) works. Alcoa's comment (by Ralph M. Ferry, superintendent): "This solution is of the type we have been urging right along and is quite satisfactory."

Union comment (by N. A. Zonarich, president): "The company agreed to discipline the individual by completely isolating him in the Logan's Ferry plant. We have won a substantial victory."

MARKETING

Drugs in Supers

Macy's using self-serve groceries as outlets for private brand line, and results indicate new threat to druggists.

Back in 1937, when fair trade was the storm center of retailing, R. H. Macy & Co., Inc.—New York City's giant department store and arch enemy of any form of price-fixing legislation—added extra thunder by making its non-price-fixed private brands of drugs and cosmetics available to other stores. Macy's set up a separate division, Supremacy Products, Inc., to handle wholesaling. A department store, Fowler, Dick & Walker of Wilkes-Barre, Pa., was first to stock "Macy's Own," starting with a line of 48 drug and cosmetic items (BW—Aug. 14 '37, p15).

Retail druggists—who have nursed fair trade legislation through Congress and 44 state legislatures—fumed. They saw what might happen if Macy's succeeded in blanketing the country with the potent slogans—"Save with Safety," "Why Pay More?"—which, backed by hard-hitting comparison advertising and display, had cut so heavily into sales of price-

fixed national brands in Macy's big drug department. Macy's went ahead cautiously, getting its line into some 20 department stores in the next two years, and druggists calmed down, principally because department stores have seldom succeeded in moving drug items on a volume basis.

• "Macy's Own" in Supers—In the summer of 1939, Macy's drug products went into a grocery store, the J. B. Blood Co. in Lynn, Mass. Druggists paid little attention, but they sat up and paid attention six months later when, for the first time, Macy's label turned up in the new drug department of a supermarket, Food Fair, Inc., in Baltimore (BW—Feb. 10 '40, p37). Druggists now faced a full-fledged double threat: Creation of a volume market for non-price-fixed drug items might put the skids under fair trade; grocers were giving every indication of moving in on a big part of the druggists' trade.

Up to the present, druggists have had one consolation: Macy's has taken on new outlets slowly, and store officials have emphasized the fact that wholesaling is on an experimental basis. But outlets are no longer being added on a mere laboratory basis. Last month Macy's products went into 14 supermarkets; in every case the introduction of the Macy line coincided with the addi-

HOW TO SOLVE THIS COMMON PERSONNEL PROBLEM

WHAT to do for employees who need loans is a problem which has troubled many corporation executives. Perhaps the workers in your plant have their own credit union. Or your company may have worked out an employee loan plan. But in many cases employers have neither the means nor the experience to properly finance the emergency expenses of all their workers.

Where workers can borrow

Yet you realize that employees should be able to borrow when necessary—for the company's good, as well as their own peace of mind. Fortunately, the legislatures of most industrial states have recognized the social need of a source of emergency credit for working men and women. In the interests of these small borrowers these states have passed Small Loan Laws.

Loans repayable in installments

These laws make possible the modern family finance company like Household Finance. Here the responsible worker can borrow \$20 to \$300 in a simple, private transaction, regulated by law for his protection. No endorser is needed. No wage assignment is taken. Repayment is made in convenient monthly installments. Every day this plan helps hundreds of men and women of limited means to meet unexpected expenses.

The table below shows some typical loans and payment plans. The borrower may choose the payment plan which best fits his own needs and income. Installments include charges at the rate of 2½% per month (less in many territories). These charges are substantially below the maximum allowed by the Small Loan Laws of most states.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.96		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in Maryland and several other states. Due to local conditions, rates elsewhere vary slightly.

Contact with thousands of families has shown us that it is a further service to encourage and help our customers to manage their incomes intelligently. So our staff of home economists gives practical guidance in budgeting and household buymanship. Hundreds of schools and colleges use the booklets developed for this work.

If you employ or supervise men, you are invited to send the coupon for further information. You will be under no obligation.

HOUSEHOLD FINANCE

Corporation

Headquarters: 919 N. Michigan Ave., Chicago

One of America's leading family finance organizations, with 282 branches in 184 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-L, 919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

Name.....

Address.....

City.....State.....



COLOR TELEVISION

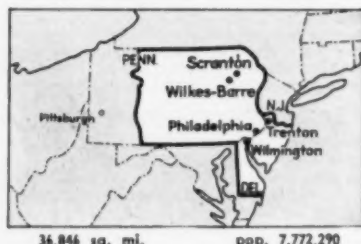
George Henry Payne (right), of the Federal Communications Commission, examines the color television produced by General Electric's Dr. E. F. W. Alexanderson (left) with a

standard-type television receiver, and no additional equipment other than a two-color revolving disk. Obviously three-color television, developed by CBS (BW—Sep. 7 '40, p20), gives more realistic reproduction, but requires revision of present standards.

The Regional Market Outlook

PHILADELPHIA—Industrial payrolls in this Reserve district have surpassed the 1937 peak. The heavy industries have been bearing the brunt of the advance, but now steel, machinery, and some metal-working plants are close to capacity, so that further increases in operations are limited. However, major payroll expansion in shipbuilding, aircraft, explosive, tank, and other armament industries still lies ahead.

Despite their recent better-than-sea-



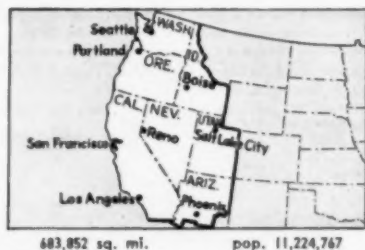
CHICAGO—Business is still rising here. Auto assemblies have mounted to unexpectedly high levels, steel operations have edged up close to a 100% rate, casting plants and foundries have stepped up schedules sharply, and furniture factories have raised production to better than 90% of capacity.

Yet, the bulk of armament fabrication has not even begun. It is said that 75,000 "defense" jobs will be filled in Detroit by spring, and in many parts of the district new factories are going up—like the new \$35,000,000 shell-loading plant at Burlington, Iowa.

Prospects for farmers, too, are better than is generally the case in the nation. Farm income here is derived primarily from sale of cattle, hogs, and dairy and poultry products. More than most agricultural commodities, these products respond to urban demand, and as a result agricultural income in this Reserve district can be expected to rise with indus-

SAN FRANCISCO—Income gains over a year ago are running at or above the national average. Farm receipts have been up substantially, but the primary lift in this diversified district has come from the impact of defense on lumbering, aviation, shipbuilding, and mining. Such indigenous industries as petroleum production and refining, motion pictures, and canning have just about held their own compared with last year.

The mild California weather is pay-



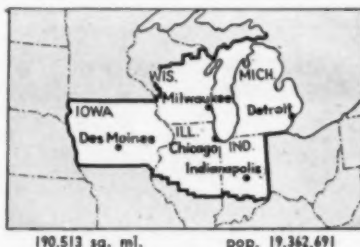
trial advances, consumer goods companies are operating only slightly above 1939 levels, and considerably below the 1937 highs. But with national buying power rising, cottons, woollens, shoes, hosiery, carpets, and other lighter lines are likely to advance their production schedules.

In coming months payroll gains in consumer-goods industries should tend to catch up with the more volatile durable-goods line. This means that retail sales should improve in areas where consumer goods production bulks large.

Though farm income has not risen as sharply as payrolls in this Reserve district (BW—Nov. 9 '40, p. 45), rural communities nevertheless are promising sales spots. Many members of farm families work in nearby factories; thus depend for buying power on industrial conditions rather than crops. This is supported by the fact that retail sales gains in towns of less than 5,000 match those of the cities.

trial payrolls in the coming months.

Hog prices have been holding steady at the peak of the marketing season, when normally some price decline would be expected. Cattle likewise have been strong. Since costs have been steady, profits in feeding operations have reached near-record levels. In the past 30 days, too, butterfat and egg quotations have advanced. This is explained in part by foreign demand for canned milk formerly obtained from the Netherlands.



ing dividends right now. Because of the climate many military encampments have been constructed here. Increased payrolls and the influx of army population have helped retailers in such towns as Salinas, Monterey, San Luis Obispo, Paso Robles, Centura, and Riverside. At Ogden, Utah, an \$18,000,000 army supply depot is to be built, and the arsenal and airport are to be enlarged.

Primary effect of aviation expansion in the Los Angeles area has been on the small suburban towns—seats of the expanded plants and satellite industries. Retail sales in Santa Monica, El Segundo, Burbank, Downey, Inglewood, Huntington Park are up 15% to 20% against some 5% in Los Angeles proper.

In the coming year, Long Beach retail trade is likely to show notable expansion. An \$18,000,000 fleet operating base is planned for Terminal Island, and by the end of 1941 the new Douglas plant should be employing 16,000 persons.

tion of a new drug department. Two weeks ago, Supremacy Products landed one of its biggest single orders to date in the newly opened drug departments of the four supermarkets of Giant Food Shopping Center, Inc. in Washington, D. C.

• **Distribution Shoots Up**—Right now Supremacy Products has around 50 outlets, two-thirds of them self-service groceries. By the first of the year, if everything goes on schedule, it will have 100. Supremacy Products does not release sales figures, but it is believed that supermarket drug departments have been averaging around \$20,000 to \$30,000 of business annually. While supermarkets offer Macy products alongside those of other manufacturers and distributors, indications are that the Macy line is getting the lion's share of the customers' attention.

The reason for this is pretty obvious. Fundamentally, Macy's and the supermarkets operate on the same merchandising theory—low prices, made possible by a big volume of cash sales. Macy's selling has always hinged on economy appeal. In the New York metropolitan area "Macy's Own" are as well known as many nationally advertised brands, but in the rest of the country they must sell on price alone. The supermarket customer is a bargain hunter who usually looks at the price tag first and the brand name second.

• **Druggists Worried**—It is, then, easy to see why Macy's is now obviously interested in supermarkets. Sales records of existing supermarket drug departments give Macy's a potent argument to persuade grocers into the drug field. Apparently drugs and cosmetics, which account for 22% to 25% of the average drugstore's business (excluding prescription drugs), are doing equally well in supermarkets.

If this proves true, Macy's has found a volume market for its products. And druggists—who feel they have had trouble enough lately holding onto their vitamin and photo-film business—are in real danger of losing their semi-monopoly over a field which accounts for approximately a quarter of their annual sales.

• **Standard Items Sell**—At present Macy's wholesales around 300 of its estimated 3,000-odd private-brand items; 90% of the Macy products being stocked by other retailers fall in the drug and cosmetic category. Indication is that customer demand for specific Macy products in supermarkets closely parallels that in Macy's own drug department. The fastest selling items are such standard drug products as aspirin and milk of magnesia. Demand is strong for all sorts of face and hand creams for women and shaving preparations for men. Store officials claim even out-and-out cosmetic items like cheek rouge and lipstick are doing better than all right.

UPKEEP HITS THE DOWNGRADE

for fleet-operators using low-priced

Studebaker Champion

Big savings on gas, oil and tires as well as mechanical upkeep



IN cost-conscious days like these, the remarkable money-saving of the Studebaker Champion means a lot to buyers of car fleets.

Over 150,000 Studebaker Champions in the hands of delighted owners have convincingly proved that this safe, sure-footed, restful-riding car is 10% to 25% more saving of gas than the other largest selling low price cars.

No useless, wasteful bulk overloads the Studebaker Champion—which means that this roomy, brilliant-performing, easy-handling car saves money on oil, tires and mechanical upkeep, too.

Try the Studebaker Champion in your service now

Take a page from the experience of many of America's biggest fleet operators. Try out the Studebaker

Champion in your service. See how your own cost records prove its economy all along the line.

And remember, Studebaker Champions are built so soundly, they bring top allowances as used cars. So see your local Studebaker dealer now and make arrangements for a "make good" test of this surprising car. Liberal allowances on any of your present cars. C. I. T. terms if you wish.

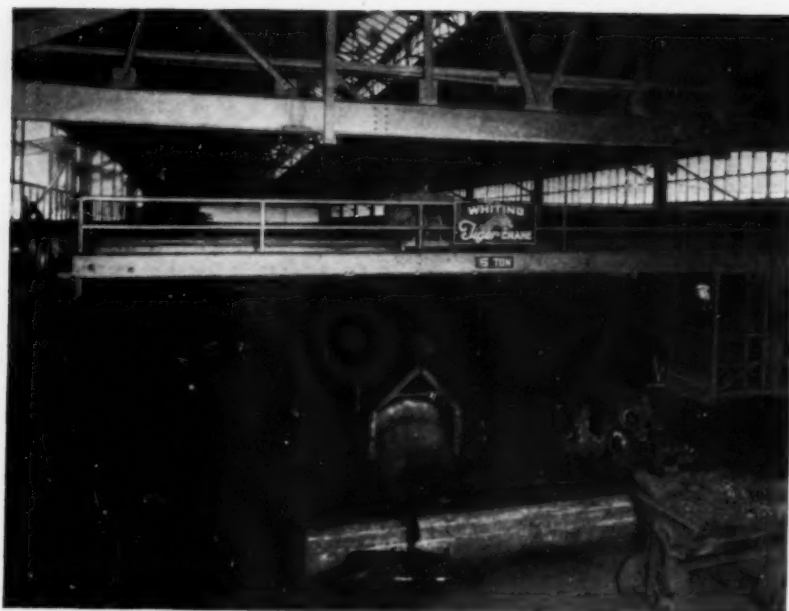


Firms like these are saving with Studebaker Champions:

AGFA ANSCO CORPORATION
Binghamton, N. Y.
ANACONDA COPPER MINING CO.
New York City
BRIDGEPORT MACHINE COMPANY
Wichita, Kans.
COOK PAINT & VARNISH COMPANY
Kansas City, Mo.
EMPLOYERS LIABILITY ASSURANCE CORPORATION, LTD.
Boston, Mass.
W. P. FULLER COMPANY
San Francisco, Cal.
GILMORE OIL COMPANY
Los Angeles, Cal.
HARTFORD STEAM BOILER INSPECTION & INSURANCE COMPANY
Hartford, Conn.
INSURANCE CO. OF NORTH AMERICA
Philadelphia, Pa.
LIBERTY MUTUAL INSURANCE CO.
Boston, Mass.
MASON & DIXON LINES
Kingsport, Tenn.
MINNESOTA MINING & MFG. CO.
St. Paul, Minn.
OHIO MATCH COMPANY
New York City
PACIFIC POWER & LIGHT COMPANY
Portland, Ore.
PHILLIPS PETROLEUM COMPANY
Bartlesville, Okla.
QUAKER STATE OIL REFINING CO.
Oil City, Pa.
SHELL UNION OIL COMPANY
New York City
SOUTHERN CALIFORNIA EDISON CO.
Los Angeles, Cal.
STANDARD OIL CO. OF CALIFORNIA
San Francisco, Cal.
SWIFT AND COMPANY
Chicago, Ill.



A coupe with a full size rear seat! Priced only slightly higher than the standard Champion business coupe, this full 3-passenger model is just the thing for traveling a crew of men for demonstrating or servicing. Handy for taking prospects around, too.



Pouring molten metal in a large pipe foundry with the aid of a Whiting crane

Foundries get LONGER OPERATING LIFE with this Quiet-Running Crane

Heat, fumes, dust, grit, and continuous operation all combine to shorten the life of cranes in foundry service.

Whiting cranes are designed to stand up under these severe operating conditions. They have smooth-running, efficient herringbone gears that outlast ordinary spur gears two to one. Their heavy-duty, anti-friction roller bearings prevent wear by accurately maintaining gear alignment. Flexible motor couplings, tapered-tread bridge

wheels, and many other features also prevent wear in Whiting cranes and assure extra years of service. Capacities from 1 to 400 tons. Also electric hoists from 1/2 to 7 1/2 tons. Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill. In Canada: Whiting Corp. (Canada), Ltd., Toronto. Builders of quality cranes for over fifty years.



Send for 16-Page Booklet—"How to write a traveling crane specification."

It pays to get a quotation on

WHITING



OVERHEAD TRAVELING CRANES

THE LONG-LIFE, HERRINGBONE-GEARED, ROLLER-BEARING CRANES

Macy's, of course, neither sets nor suggests minimum resale prices for its products. Most outlets price the Supremacy line a little higher than does Macy's itself. Macy's sales policy and competitive conditions in the New York market generally have kept the store's prices on its own brands near rock-bottom levels.

• **Grocery Line**—Before the war interfered, Macy's also had the beginnings of a wholesale fancy grocery business. This was nipped in the bud when the war cut down supplies of imported items. But with drugs as the entering wedge, Macy's, in addition, is persuading supermarkets to stock such products as its tomato juice, "Sparkoffee," waxes, and cleaners.

Macy's also has begun to build up an export business, chiefly to Latin America where the store, with its far-flung buying interests, already has good contacts. The biggest export customer to date is the Panama Rail Road Co., which carries Macy's drug line in its commissaries.

Odds on Chaos

But stabilization of liquor industry is not wholly out of sight, despite price war, new taxes, big surplus.

This week marked the seventh anniversary of Repeal, but in the liquor industry race between stabilization and chaos the odds are still on the latter.

The seventh year saw the complete collapse of the industry's most ambitious stabilization program, the self-regulation plan of Dr. Wesley Sturges, and the near-collapse of the Distilled Spirits Institute. The breach within the industry over the Sturges plan was widened still further by the controversy over the four-fifths pint issue, which was precipitated by the imposition of new taxes.

• **Permanent War?**—Currently, the important New York market is plunged into what now appears to be a permanent price war. The price stabilization which had been hoped for following the issuance of new fair-trade contracts several weeks ago (BW—Nov. 16 '40, p. 52), failed to materialize. After a brief period of relative stability, open price-cutting has again broken out. Most distillers have again abandoned all efforts to enforce fair-trade contracts.

In Washington, the Federal Trade Commission issued this week, as previously predicted (BW—Oct. 26 '40, p. 50), a cease-and-desist order against collusive fair-trade enforcement which throughout the country will effectively reduce even the low degree of price stability traceable to fair trade.

• **Taxes to Increase**—In the offing is an

other federal tax increase. The Treasury Department, successor to the control powers of the defunct Federal Alcohol Administration, is threatening to invoke dormant powers against unfair trade practices within the industry. And ominously overhanging all is the vast reservoir of surplus production from 1936 and 1937 which will soon be forced on the market by the eight-year storage limit of federal tax law (BW—Apr. 20 '40, p. 32).

Despite all this, stabilization is still not wholly out of sight, principally because of a strikingly unheralded but powerful trend among distillers toward consolidation. Steadily increasing taxes, coupled with the steadily declining price level induced by the basic oversupply situation, are gradually squeezing the little fellows out.

• **A Major Worry**—With the federal government now holding a tax lien of \$3 against every one of the industry's 500,000,000 gal. of warehouse stocks, large financial resources are obviously necessary. Even for big companies, financial support is a major concern. Another tax increase may bowl over the little fellows faster than the big boys can pick them up.

In all, a dozen companies have bowed to the inevitable that awaits smaller units in a big-capital, price-cutting industry, and have sold out to Park & Tilford, National Distillers, Fleischmann, Brown-Forman, and Browne-Vintners. But the year's super-deal was Schenley's purchase for \$6,000,000 of Oldtime Distillers Corp., putting it far ahead of mighty Seagram as the biggest distiller. The step gave Schenley an annual sales potential of \$100,000,000.

If stabilization is attained via concentration of the industry in a handful of big companies, the Federal Trade Commission and the Justice Department may be reminded of the unsavory "Whiskey Trust" of pre-Prohibition days.

NO PRICES ADVERTISED

The Virginia Country Market, Long Beach, Calif., has 40 departments leased to specialists who agree in their leases not to advertise prices, and no prices are quoted in the general advertising done by the market itself.

Instead, the emphasis is on quality and novelty merchandise. Shoppers are urged to visit the market for the discoveries they will make. Strict rules govern cleanliness, display, and pricing. In selling fresh vegetables, for instance, the perishables must be cleaned out each day, and all sales made from displays, not from beneath counters. Eggs are candled at the market and sold within 30 hours. Poultry is delivered alive, dressed on the spot, and must be sold within 48 hours. Since its recent opening, the market reportedly exceeded expectations in number of shoppers and sales volume.

A NEW LIGHT ON BUSINESS PAPER BUYING

SPECIFYING AND ORDERING BUSINESS PAPER FOR ANY OFFICE REQUIREMENT BECOMES EASY WITH THE NEENAH PAPER GUIDE. HERE IN COMPACT FORM, THAT WILL FIT INTO ANY OFFICE FILE, IS ALL THE INFORMATION YOU NEED. IT WILL THROW NEW LIGHT UPON THE OLD PROBLEM OF WHAT BUSINESS PAPER TO ORDER FOR ANY GIVEN PURPOSE.

ALTHO THE GUIDE IS COMPLETE WITH SWATCHES OF WEIGHTS AND COLORS, YOUR PRINTER WILL BE GLAD TO SHOW YOU ACTUAL SAMPLES OF LETTERHEADS AND FORMS PRINTED ON NEENAH FINE RAG CONTENT BOND PAPERS. YOUR FREE COPY OF THIS GUIDE IS READY TO BE MAILED. SEND FOR IT TODAY.



THE NEENAH
PAPER GUIDE

NEENAH

PAPER COMPANY

NEENAH, WISCONSIN

Look for Neenah in the watermark

Please send me the Neenah Paper Guide.

Name _____

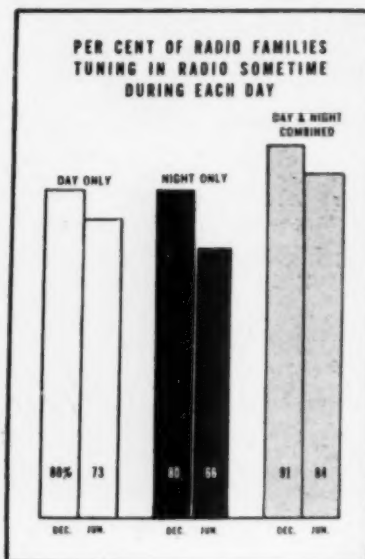
Company _____

Address _____

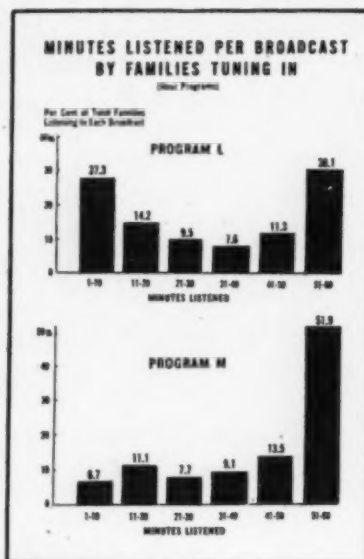
(Please attach to your business letterhead)

Manufacturers of Fine Rag Content Bonds, Ledgers, Index and Lightweights

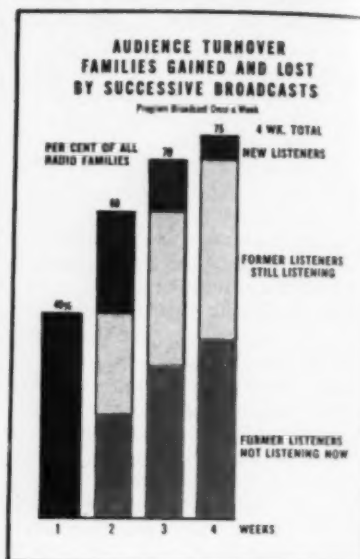
Audimeter Reports on How Radio Audiences Behave



A. C. Nielsen Co. says usual estimates that only 50% to 60% of all radio families listen each day are much too low. Audimeters (mechanical gadgets placed in radios in sample homes), show 91% in December, 84% in June.



The sponsor who pays for 60 minutes of radio time would like to have every listener remain for the full hour. But few do. Chart above shows a wide difference in the hold of two particular programs on their listeners.



The program charted here is heard by only 40% of all listeners each week. But, because the listeners aren't all the same each time, at the end of a month the program will have reached 75% of the total possible audience.

Who Hears What?

A. C. Nielsen Co. goes ahead with its radio survey service based on audimeters planted in sample homes.

Latest issue of the Nielsen Researcher, employees' magazine of the A. C. Nielsen Co., publishes the first findings of the company's research into radio listening habits that have been released since more than a year ago (BW-Oct. 21 '39, p. 34). Samples of the kind of information the company is now letting out are shown in the charts above. Ratings of individual programs have not been released.

Nielsen's radio surveys are made with "audimeters," which are mechanical meters placed permanently in the radios of sample homes. With these meters, every turn of the tuning dials is recorded on tapes, which are picked up regularly by field men. Comparison of the tapes with broadcasting schedules shows exactly what programs were listened to and for how long.

• **200 in the Midwest**—For the last two years, Nielsen has had 200 of the audimeters in sample homes in the Mid-

west. These have been operated experimentally, as a company project, just as Nielsen now intends to operate a national service for advertiser clients.

In August, the company ordered 800 more audimeters, and will begin installing them in homes this month. As advertisers, agencies, and broadcasters are signed up as clients, Nielsen plans to expand the number of audimeters steadily, probably in steps of 1,000 instruments every six months. How many will be required for a country-wide sample—and how many the clients will pay for—probably not even Nielsen knows. The original estimate was 5,000.

• **Money Being Spent**—Experimental development of the audimeters has already cost the company more than \$600,000, and the figure may eventually run to over \$1,000,000. Nielsen calls this "the largest speculative investment ever made in a sincere effort to develop better methods of getting facts for advertisers."

It's a guess as to how deeply Nielsen will cut into the two services that already exist to tell advertisers what listeners think of their programs. The two are the Cooperative Analysis of Broadcasting (whose field work is done by Crossley, Inc.) and C. E. Hooper, Inc. Both have checkers in 30 some

cities throughout the country, both use telephone calls by the thousand as the basis of their reports on the comparative popularity of programs.

• **Advantages Claimed**—Nielsen's audimeter service will undoubtedly be far more expensive than the telephone surveys, but it is claimed to have important advantages. For one thing, the meters are not city-bound, but can be placed in samples of the more than 50% of all radio homes that have no telephones. Nielsen says its surveys show that the listening habits of telephone and non-telephone homes vary significantly.

By being placed permanently in sample homes, the audimeters give audience turnover. They also show minute-by-minute dial twirling—"station shopping"—and whether listeners tune out the commercials.

Nielsen also lays great emphasis on the value of the personal contact with listeners that the audimeters offer. When a housewife permits the installation of a meter, she is persuaded to allow a monthly inventory of her pantry, bathroom, and the magazines and newspapers that she reads. Thus each radio program's sales effectiveness can be analyzed by income groups.

• **Competitors Seem Unperturbed**—The two existing services don't seem, how-

HOW G-E GIVES YOU BETTER FLUORESCENT LAMPS AT LOWER COST!



G-E MAZDA Fluorescent lamps now come in a complete range of sizes, from the 9-inch 6-watt lamp all the way to the five-foot 100-watt giant. Seven sizes in all, and colors to fit your needs, including natural daylight, white, soft white, and five dramatic colors!

More light for current consumed... Prices down as much as 32%... amazing record of MAZDA research

This spectacular new kind of lighting... cool, abundant, the nearest man has come to bringing daylight indoors, is only three years old!

General Electric set out to repeat what it has already done in every other field of lighting... to give more and more light for current used... and to work out economies which could be passed on to users in progressive price reductions.

Today, less than three years from the debut of the first G-E MAZDA F lamp, business firms are reaping the benefits of this G-E program of improvement and economy. Every one of these lamps gives you a dividend of *extra* light made possible by MAZDA research. On some sizes efficiency is up as much as 40%! *They stay brighter longer!*

And along with this increase in light output, G-E manufacturing economies have brought prices steadily downward... on some sizes, a price drop of nearly one-third!

In these fast moving times, every business needs better light for top efficiency. Take advantage of the higher light output and lower prices of today's G-E MAZDA F lamps.

**If you want the latest in Fluorescent Lighting
see your G-E MAZDA lamp distributor today!**

G-E MAZDA LAMPS
GENERAL  ELECTRIC



This is just one of the many inspections and tests which assure maximum light output and dependable performance to purchasers of G-E MAZDA F lamps.

You get these extra benefits from G-E Fluorescent Lighting!

1. You get fixtures that exactly suit your need, in the individual style you prefer, because General Electric cooperates impartially with *many* fixture manufacturers and does not make fixtures itself. These fine fixtures are available through G-E MAZDA lamp distributors everywhere.

2. You get the assurance of maximum performance of this new kind of lighting, because the fixtures which General Electric recommends, bearing the Fleur-O-Lier or RLM label, when certified by Electrical Testing Laboratories, comply with exacting specifications. This certification may be obtained by any manufacturer whose product meets the specifications. Hence a wide choice of fixtures is available. Insist upon the Fleur-O-Lier or RLM label to make sure of certified fixture performance. And see to it that your fixtures are equipped with G-E MAZDA F lamps.

in **15** minutes.

you can learn a lot
about saving money
with a *Duplicator*



For many years, businessmen have told us that time spent investigating Multigraph Methods was highly profitable. They were able to uncover ways to combat waste and inefficiency. They learned of better ways to do many necessary jobs in office and factory.

An investigation today is even more profitable than ever before because of recent inventions and new developments in Multigraph Methods of office duplicating.

Is your knowledge of Multigraph Methods up to date? Do you know that they now embrace several duplicating methods, not just one? Do you know how they are being used in business for duplicating letterheads, inter-office and field communications, ruled forms, illustrated sales literature . . . in colors if desired . . . all with really *high quality* and very *low cost*?

For 15 minutes of valuable money-saving information, call MULTIGRAPH SALES AGENCY (listed in principal city telephone books). If you prefer, write to

ADDRESSOGRAPH-MULTIGRAPH CORPORATION
Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

Sales Agencies in Principal Cities

MULTIGRAPH and MULTILITH are trade-marks registered in the United States Patent Office

Multigraph AND Multilith Duplicators

ever, to be overly dismayed by Nielsen's advent into the field. For one thing, they say that while the audimeters have advantages, they also have disadvantages, such as failure to distinguish between a radio playing to eager listeners and one playing to an empty room. For another thing, they say that some of the information Nielsen plans to supply is not inherently limited to the audimeter method, but can be secured in part by "call-backs" and personal interviews to supplement the telephone method.

Nielsen's principal business now is advising food, drug, and liquor manufacturers. Several hundred field investigators take regular inventories of the sales of sample retail outlets throughout the country, find out how competitive brands are moving. With this information, Nielsen executives are able to advise manufacturers on marketing policies.

At the recent convention of the Association of National Advertisers, this statement from Nielsen was read:—"Based on assurances of support from a majority of Nielsen Food and Drug Index clients, we believe it will be practicable to offer the (audimeter) service broadly, i.e., on a non-exclusive basis. However, it may prove more desirable to employ an exclusive basis, which would confine service to a limited number of large clients who have indicated a desire to underwrite the entire cost in return for the advantages of exclusive possession of Nielsen Radio Index facts."

No Loss Leaders?

Grocerymen discuss defense, Arnold probe—but move to seek federal law on "unfair" prices may be most important.

When the Associated Grocery Manufacturers of America met last week in New York's Waldorf-Astoria, the No. 1 topic for platform speakers was the food industry's part in national defense. And most of the corridor gossip centered on Thurman Arnold's announcement of a sweeping anti-monopoly probe into food industry operations.

Thus, attention was diverted from something that may very well have more importance in the long run. The "something" was the emergence at the A.G.M.A. meeting of a move to seek a federal law to halt loss-leading and allegedly unfair brand manipulation by chain distributors.

• **Advocates Amendment**—Opening gun in the campaign was fired by Charles Wesley Dunn, who for many years has been general counsel of A.G.M.A. Mr. Dunn told the manufacturers that "the

federal anti-trust law should be amended expressly and broadly to outlaw any unfair resale price cutting in or directly affecting interstate commerce; and there is reason to believe that such a law may be importantly used to prevent price cutting even in retail sale."

To possible challenges that Congress has no power over retail prices, Mr. Dunn said: "If Congress can constitutionally enact legislation regulating the intrastate production of goods intended for interstate commerce, as in the case of the Fair Labor Standards and National Labor Relations Acts, then by the same logic it can enact legislation regulating the intrastate sale of goods received through interstate commerce."

Root of the manufacturers' interest in such federal legislation is their claim that mass distributors use national brands as loss leaders to attract customers, then switch buyers to the distributors' own private brands. Such use of national brands as bait, the manufacturers claim, constitutes unfair competition.

• **Little Help from States**—The state fair trade acts, whereby manufacturers are empowered to establish minimum resale prices for their products, have proved of little help to food makers in stopping loss-leadering. Main objection to their use has been that manufacturers who set minimums found themselves outpriced by uncontrolled private brands.

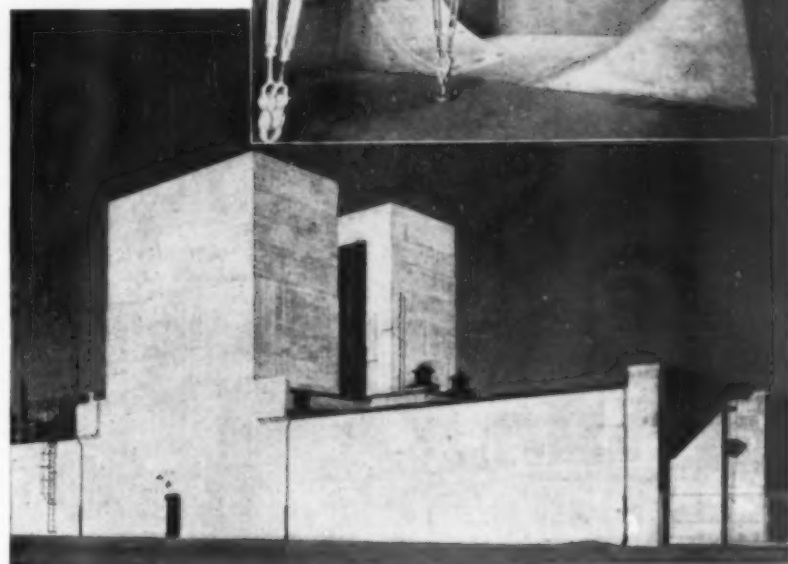
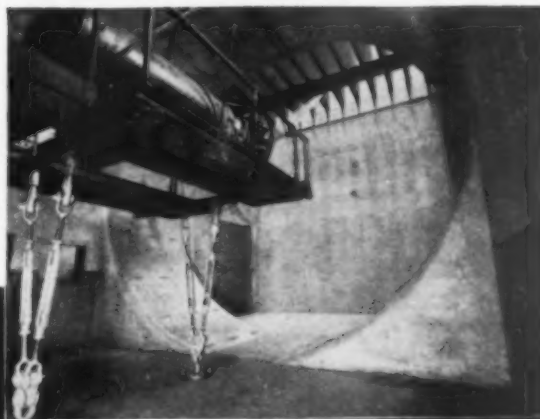
For that reason, the grocery trade has thrown its weight behind unfair trade or loss-leader acts, which prohibit sales below cost. These, too, have proved only partially effective. For one thing, only 26 states have adopted such laws (whereas 44 have fair-trade laws). For another thing, the loss-leader laws have been difficult to enforce. Most of them require that minimum prices be equal to cost of the merchandise plus cost-of-doing-business—which is usually defined as a percentage, 6% in most laws though Arizona and Colorado now require 12% markups (BW—Nov. 30'40, p15). However, the difficulty of determining the exact cost-of-doing-business of any retailer on any single item leads to evasion of the laws.

• **Ask Simple Prohibition**—For that reason, if a serious attempt is made at getting a federal law, manufacturers will probably ask that it be drawn as a simple prohibition of resale below actual or replacement cost, whichever is lower, with no attempt made to force the addition of cost-of-doing-business.

Food manufacturers are not 100% united, by any means, on the desirability of pressing for federal legislation, but there seems to be enough support for the idea to get attention, if not action, from Congress. Also likely to be heard from, although with almost no chance of enactment and little support even from manufacturers, is legislation to separate, by law, the functions of manufacturing and retailing.

(Below) New engine test house, Pratt & Whitney Aircraft Division of United Aircraft Corporation, East Hartford, Conn. Albert Kahn, Detroit, architect. R. G. Bent Co., Hartford, contractor.

(Right) Testing the famous Pratt & Whitney engines in an earlier concrete building of similar design.



CONCRETE Solves Problem for United Aircraft

—will solve your building problem, too!

Chosen for Engine Test Houses because of its:

1. Adaptability to the casting of curved throats and tunnel sections.
2. Sound deadening properties.
3. Rigidity against vibration.
4. Low maintenance.
5. Low first cost.
6. Firesafety.

This versatile construction material—Concrete—may serve best and save time and money for you as well as for United Aircraft and other alert, modern corporations.

Even where short-term amortization is expected, firesafety and lower insurance will make concrete desirable for walls, frame, floors and roof—the complete building.

Ask your architect or engineer

how the advantages of concrete may be applied to the factory, warehouse, shop, laboratory or other building you have in mind. Write for illustrated booklet, "Concrete for Industrial Buildings," (mailed free in the U. S. or Canada) or ask for a representative to call.

Architectural Concrete

...Combining architectural and structural functions in one firesafe, enduring material

PORTLAND CEMENT ASSOCIATION, Dept. 10b-12, 33 W. Grand Ave., Chicago, Ill.

A national organization to improve and extend the uses of concrete... through scientific research and engineering field work

"HALLOWELL" Steel SHOP FURNITURE



Fig. 1729

- ★ Install "Hallowell" Benches . . . it's quicker, easier, costs no more than to build your own.
- ★ There's a "Hallowell" Bench for every purpose — more than 1300 styles and models stocked for immediate shipment.
- ★ "Hallowell" advantages include indestructible steel or attractive laminated wood tops for delicate work; permanent rigidity insured by heavy flanged leg construction; easy movability; durability; neatness.
- ★ Other "Hallowell" equipment includes Foremen's Desks, Tool Stands, stools and chairs for a wide variety of shop requirements. Catalog yours on request.

STANDARD PRESSED STEEL CO.

Box 598, Jenkintown, Pa.

Mallory Metals Figure in Figure Eights

In line with America's increased participation in sports . . . none has enjoyed greater growth in popularity than ice skating. Indoors and out . . . toddlers are learning to skate almost before they can walk. Grandma has taken a new lease on youth and whirled into a pirouette with a poise anyone might envy.

Like so many other products made of metal . . . modern ice skates owe much to resistance welding. Because of resistance welding, they are lighter . . . yet stronger. They are less expensive.

To those who know Mallory's work and development in the field of welding electrodes . . . it will be no surprise to learn that here again, Mallory Welding Electrodes have contributed much to the efficiency and economy of manufacturing ice skates.

If you have a problem of permanently joining similar or dissimilar metals, it would be well to avail yourself of Mallory's long experience and research in this field.



P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Palmallo

P. R. MALLORY & CO., Inc.
MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

PRODUCTION

Power Show: 1940

Defense theme underlies exhibits, which point new trends in engineering and maintenance equipment for far-flung industry.

Neither flag-waving nor patriotic speeches marked the opening of the 14th National Exposition of Power and Mechanical Engineering (more popularly known as the "Power Show") which is holding forth all this week at Grand Central Palace, New York, but a genuinely patriotic theme of "more power for defense" underlies the showings of 300 exhibitors. The more than 1,200 products exhibited run the gamut of power plants, fittings, controls, metallurgy, and all the engineering and main-

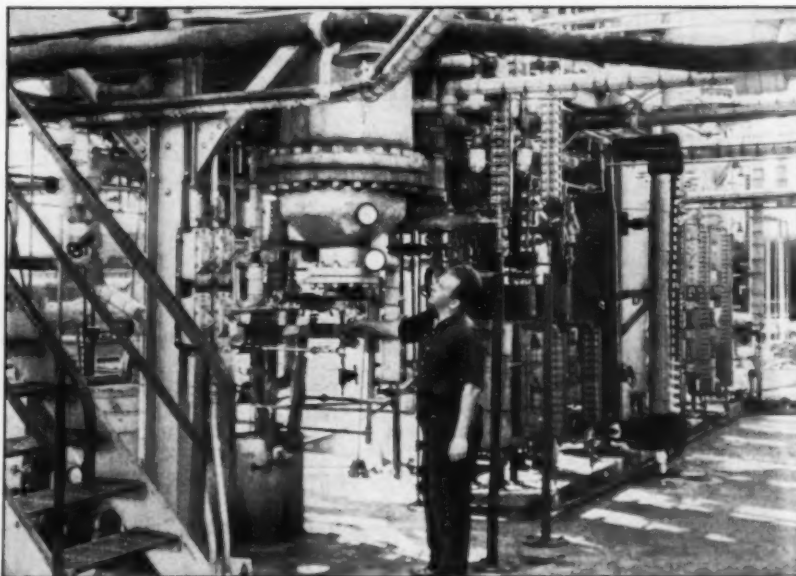
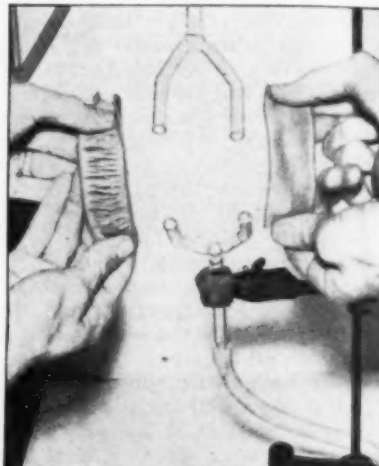
tenance equipment necessary for putting them into efficient operation and keeping them there.

● **Failures Barred**—Especially significant is the stress throughout the show on "minor constituents," which paradoxically are becoming of more and more importance. Arsenic is just one example. If it is present in brass condenser tubes in minute quantities of the order of 2/100 of one per cent, the tubes will have a life measured only in years. If it is not present, the zinc in the brass will disappear under the high temperatures and pressures now used, the brass will become spongy, and the tubes will fail in a few months' time.

Another example is the use of radium for photographic welded connections and other components of high-pressure steam equipment, to ascertain defects and eliminate them. A veritable holocaust can happen if steam at 2,500 lb.,

RESISTANT SYNTHETIC

In a secluded corner of its big Bayway refinery, Standard Oil Co. of New Jersey is making Butyl, the new synthetic rubber, in a semi-commercial pilot plant. Made almost wholly from petroleum derivatives, the material is colorless, more elastic than natural rubber, considerably more resistant to oxygen and its compounds. After ozone was allowed to flow in equal quantities through two tubes, one made of rubber and the other of Butyl, they were cut open. The synthetic one (right) showed no cracks.





... the most important thing in the world

NEVER IN HISTORY has *time* been so precious. Never before has leisure been such a luxury. The men directing America's destiny know this best . . . Management is fighting the clock.

Today's business news, today's business facts, the play-by-play reports of a nation in the process of building up its greatest single industry . . . won't keep. The supreme business question is "*What's going to happen Tomorrow?*"

... not ...

"What became of Yesterday?"

And that is the source of Business Week's unique magazine strength!

For, the pages of this magazine represent the

maximum of accurate news handling. The span from Editorial Rooms to Management reader is only 36 hours. No other magazine comes close to serving so much of Management so fast.

And back behind that speed is rare authority. Here is a magazine that Management *uses* in its daily job.

Here *time* and *fact* combine to give this magazine unusual power.

Small wonder, then, that 1940's first eleven months have seen Business Week's advertising volume increase by 236 pages over 1939!

No wonder it is growing six times as fast as the average of the rest of its field!

Business Week
ACTIVE MANAGEMENT'S MAGAZINE

MANUFACTURING FACILITIES

We have no business but we have plant with 110,000 square feet of floor space, tanks with 800,000 gallon capacity, steam and electric power, and capital. We want a sound business to put in the plant. We will rent or sell.

EARL F. CASE, Rochester, N. Y.

Al here's where I got that great food
Hotel Bennox St. Louis
and service I told you about
 WM. F. VICTOR
 MANAGER

and 1,100 deg. F (hot enough to make steel glow in the dark) should ever break loose.

• **Field Day for Suppliers**—Doubtless as a result of the terrific backlogs of orders for defense equipment now being borne by many manufacturers, neither of the two largest manufacturers of electrical equipment is exhibiting and only one of the big boiler manufacturers. Thus the show is a field day for the meter manufacturers, the valve and piping builders, the metal suppliers, the conveyor erectors, and the big metal producers.

Showgoers, who include the many

members of the American Society of Mechanical Engineers attending their 61st annual meeting this week, are having time to inspect new tools for research and drafting. Large groups of them are clustering around exhibits of new electronic devices which determine automatically whether or not a particular stack is smoking, or whether the metals in a heat-treating furnace have arrived at precisely the right heat. Other large groups cluster around a new welder which makes possible the joining of thin sheets of stainless steel without altering their molecular structure. Still another eye-catcher at the show is a giant blow torch which will throw a flame two feet long, delivering 200,000 B.t.u. of heat per hour.

Rocks Tell All

Because some of them are radioactive, new method of logging oil wells (after casing) has been made possible.

Some rocks are radioactive, and this fact has been turned to account in an important new method of logging oil wells, developed by Wells Survey, Inc., Tulsa, Oklahoma, and lately added as a commercial service by the Lane-Wells Company, Los Angeles gun perforating and logging concern (BW—Mar. 2 '40, p43).

Organic marine shales are strongly radioactive, ordinary shales much less so. Shaly limestones are between the marine shales and the limestones and sandstones; coal is weakly radioactive.

• **Variations Amplified**—Down into the well an instrument is lowered, a hollow metal cylinder 8½ ft. long, 4½ in. in diameter. Its lower part contains an ionization chamber, filled with a mixture of gases under pressure. Gamma rays from the rocks cause ionization of the gas and decrease electrical resistance. Variations in current amounting to about 1/10,000,000,000,000 are enormously amplified, and recorded on surface instruments, providing a log.

Such logs can be compared with electrical resistance logs for additional information. They can, it is pointed out, be taken from cased wells, in contrast to resistance logs, which must be made before casing.

• **How Surveys Are Used**—Lane-Wells officials say that radioactive surveys, while still new, have proved useful in locating the position of all possible pay zones in old wells, correcting structural position of productive zones in wells logged by coring, obtaining data for extending old pools, mapping to determine the best structural position for deeper drilling and locating structural position of faults.



Don't pass off goggles as unimportant. Protect yourself and your workmen by insisting on WILLSON Goggles. Their flat, Super-Tough lenses are accurately ground for undistorted vision . . . uniformly toughened for protection . . . each pair is carefully tested to insure eye comfort.

WILLSON makes more different types of goggles than any other manufacturer—each designed to meet a specific need. Consult WILLSON Safety Service. No obligation. Write for complete information.

WILLSON
 DOUBLE
 PRODUCTS INCORPORATED
 READING, PA. U.S.A.

Style CC402 is one of more than 300 different styles of WILLSON Goggles designed for every conceivable industrial eye hazard.



GOGGLES • RESPIRATORS • HELMETS • GAS MASKS

Glycerine Source

New process announced by Shell Development Co., which has been synthesizing material in California pilot plant.

Early this year it was known to a few insiders that Shell Oil Co.'s Shell Development Co. was synthesizing glycerine from petroleum in a pilot plant at Emeryville, Calif. But patents were still being negotiated, and the executives of the parent company thought it best to withhold any announcement.

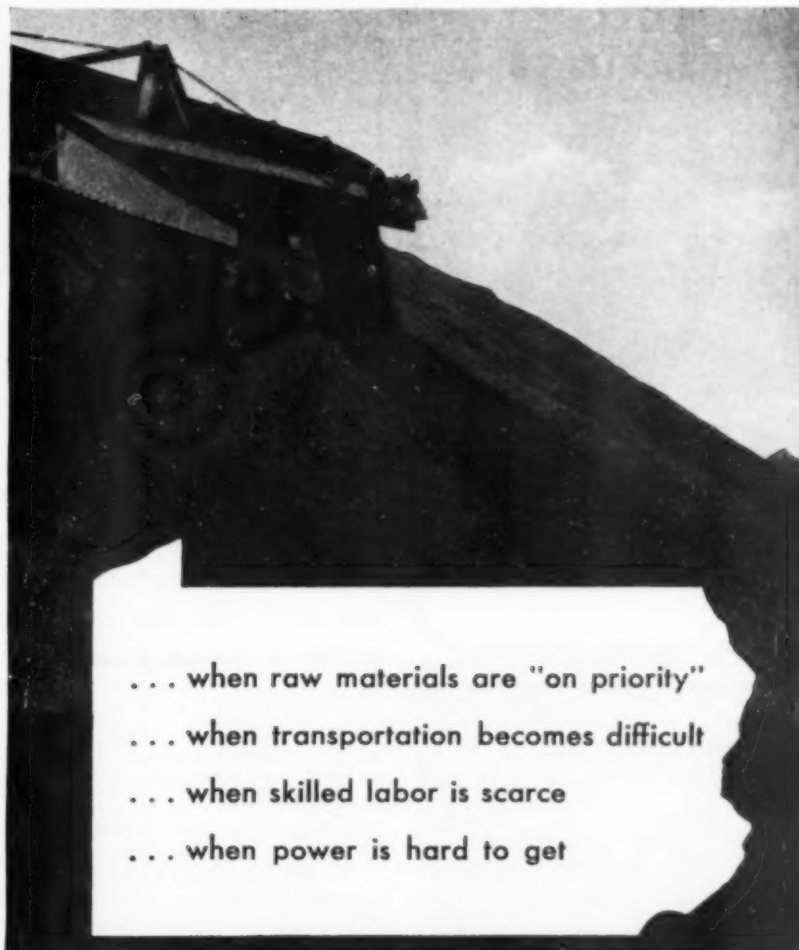
• **Alternate Methods**—This week, however, during the 33rd annual meeting of the American Institute of Chemical Engineers in New Orleans, Dr. E. C. Williams, Shell Development vice-president and director of research, gave his fellow members the low-down. Briefly, the steps in the process are: (1) Propylene, a gas, is isolated from petroleum by a well-known procedure, (2) propylene reacts with chlorine gas to form allyl chloride, (3) allyl chloride reacts with caustic soda to form allyl alcohol, and (4) allyl alcohol is converted into glycerine. Step 3 may be replaced by an alternate synthesis to form glycerine chlorohydrin instead of allyl alcohol. Whatever the steps, Dr. Williams told the meeting, "the glycerine produced in this way is of excellent quality, meeting easily the specifications of the most rigorous user with whom we have yet come in contact."

• **More than Glycerine**—Almost as important as the synthesis itself is the fact that important chemical substances like allyl chloride and allyl alcohol appear during the various steps. These have formerly been made from glycerine after it was made as a by-product of soap making and fat splitting. There are a score or more of additional substances which can be made by shifts in the synthesis.

• **For Peace and War**—Importance of glycerine to normal domestic economy (BW—Jan. 13 '40, p. 34) is reflected by the fact that per capita U. S. consumption is more than a pound annually. It is used in the manufacture of alkyd resins for varnishes and lacquers, in cosmetics, in food, in cigarettes, in cellophane and parchment, to say nothing of industrial nitro-glycerine and dynamite. Importance during any war jumps by reason of its use in explosives like cordite, a propellant powder similar to smokeless.

• **Demand Will Control Expansion**—Just how soon Shell will go ahead with a full-scale commercial plant depends entirely upon economics. If uses for peacetime alkyd resins and cellophane continue to expand, or if wartime explosives call for more glycerine than present producers can supply, the company will undoubtedly benefit.

You'll be glad your plant is in Pennsylvania



... when raw materials are "on priority"
... when transportation becomes difficult
... when skilled labor is scarce
... when power is hard to get

Pennsylvania is the largest producer of the very minerals, metals and other materials which every manufacturing establishment may soon find hard to get. It has an unexcelled variety of methods of transportation to help you get those materials to your plant. It has one of the largest populations of skilled workmen. It has vast quantities of fuel and enormous "power pools" which are

accustomed to meeting heavy industrial demands.

If you are interested in locating a plant or a branch plant in the midst of all these natural advantages, the Department of Commerce of the Commonwealth of Pennsylvania will be glad to procure specific information applying to your company's requirements. Write, giving full information, to Harrisburg, Pa.

Pennsylvania

where your business can expand



ARTHUR H. JAMES, Governor

RICHARD P. BROWN, Secretary of Commerce

SKF

BALL AND ROLLER BEARINGS



**PREFERRED IN
ALL INDUSTRIES**
SKF INDUSTRIES, INC.
PHILADELPHIA, PA.



Autocall

PAGING SERVICE locates any "key" man or executive in your organization in from ten to thirty seconds.



SIMPLY BY THE TURN OF A HAND... and almost as quickly... without shouting or calling names... Autocall locates the person wanted wherever he is.

USE FOR 30 DAYS... then if you like it you can lease or buy it. Low cost is proportionate to the need, size of business and benefits to be gained.

THE AUTOCALL COMPANY
103 Park Avenue, Shelby, Ohio

Paging Service... Fire Alarm Service
Sprinkler Alarm Service
Combined if desired

WRITE FOR FREE BOOKLET



While a passengerless parachute whirls round and round the new testing tower built by Pioneer Parachute Co., near Manchester, Conn., a movie

camera keeps accurate record of its actions at speeds varying from 70 to 300 m.p.h., relieves human parachute testers of a dangerous job.

War vs. Furnaces

Makers of industrial units tell how their customers can help avert delays in deliveries. Bottleneck in capacity denied.

Two facts spring out of an up-to-the-minute survey which Industrial Furnace Manufacturers Association has made, covering its entire membership: (1) The bottle neck in the industry is not productive capacity, but a potential shortage of experienced engineers and draftsmen to lay out departures from standard designs. (2) A further 25-50% increase in production could be effected if customers would (as they often could) give the furnace manufacturers 60 days' more time for deliveries. Far too frequently, upon the delivery of a heat-treating furnace, it is found that the building to house it is not completed, or that the machine tool with which it is to operate is not scheduled for delivery for another 30-60 days.

• **No Bottleneck**—Furnace manufacturers are more than a little upset about all this, because they were accused during the last war of being Bottleneck No. 1. And ever since then they have been co-operating effectively with Army Ordnance and other government specifiers of material to the end that their standard designs would take care of practically any heat-treating requirement (BW—Mar. 25 '39, p. 45).

They feel that if a particular heat-treating technique, and the furnace which makes it possible, is acceptable to Uncle Sam, it ought to be all right for his suppliers.

• **Four Ways to Help**—In its report, which is being brought to the attention of the Defense Commission and all furnace users, the Association recommends four specific ways in which customers can cooperate: (1) By putting orders for furnaces among the first orders placed for equipment; (2) by not insisting on shorter deliveries than are absolutely necessary; (3) by utilizing in every way possible successful standard designs for meeting practically all requirements; (4) by reviewing the delivery promises of equipment already ordered and notifying furnace manufacturers of all cases where they can have more time.

Homes on Wheels

A defense housing problem is tossed into the lap of trailer industry, already going full tilt on Army and other orders.

Best indication of how important an adjunct to defense-plant housing the tourist trailer has become is that last week 600 worker-owned trailers were already parked alongside the powder plant being built at Charlestown, Ind. (BW—Nov. 2 '40, p. 20). Still sleeping in their automobiles, and awaiting delivery of trailers that they have on order, were 1,100 other workmen.

Now the government is aiming to own trailers for similar uses.

• **Somebody's Baby**—Three weeks ago a government procurement man walked into a trailer plant and the conversation he had with the manufacturer went something like this:

"We need trailers to house workers

for the T.N.T. and shell-loading plants at Wilmington, Ill. We've got you down to supply 400 of them, with deliveries spread across six months."

The manufacturer groaned. "That's four months' capacity, and we already have four months' orders on hand. Many of our orders are for Army use. I certainly aim to give you what you want. But, you tell me where I'm going to get 400 trailers from, so I can give them to you."

"Not me," said the government man. "You have your industry figure it out and tell us. We need 1,500 altogether."

• **Spreading the Order**—Last Monday in Detroit, a meeting of leading manufacturers, originally called to plan the annual Trailer Show, ended up with all of them scratching their heads to figure out how they can spread the Wilmington order across the industry and deliver. After all, the members reporting to the Trailer Coach Manufacturers' Association represent about 70% of total U. S. factory capacity. They produced only 1,081 trailers in October, 1940, their peak month. Every one is running to capacity.

Biggest manufacturers, and estimated approximate monthly capacity, are: National Trailer Corp., Elwood, Ind., 200; Schult Trailers, Inc., Elkhart, Ind., 150; Indian Trailer Corp., Chicago, 100; Elcar Trailer Corp., Elkhart, Ind., 90. This week Indian moved into a supplementary plant, will have its output up to 225 by Dec. 15. This should make it the industry leader until one of the other big fellows expands his floor space. A typical plant has had a backlog for 22 months.

• **Formerly for Old Folks**—Even a year ago, trailer buyers were 80% retired old folks bent on seeing the country; the other 20% were chiefly people like oil drillers, road contractors, and vaudeville actors. Now the proportion has shifted to 50-50. Every prospect is that six months from now the old folks will be lucky to get 20% of output.

Transformation of the trailer from a roving householder's vehicle to a source of defense housing and military rolling stock has been sudden and unintentional with the industry.

• **Army's Demands Grow**—The Army has been figuring out many new uses, and buying accordingly. Trailers are being used for recruiting. The Signal Corps is ordering two types of trailers: one has a short-wave receiver and transmitter, and a field telephone switchboard; another has pigeon coops for carrier birds, plus electrical equipment. A 1½-ton truck, complete with generator, pulls the outfit. Recently an Army order was placed for five trailers which can be parked head-to-tail and thus constitute a five-room mobile advance hospital.

Nobody knows how much business

Timely Warning



Drive carefully *always* — and with the protection of good automobile liability insurance. For in spite of precautions, accidents do occur. And when they do . . . you will appreciate the value of adequate insurance against bodily injury and property damage claims.

A Standard automobile policy provides sound protection against the consequences of motoring mishaps. Broader coverage, selective ratings, the Safe Driver Reward, are new features bringing greater security at surprisingly low cost. When accidents occur, competent representatives throughout North America are ready to help Standard policyholders.

Consult your nearby Standard agent or broker.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

**400 THOUSAND
POUNDS
Saved
IN ONE YEAR!**

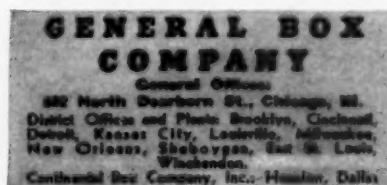


**WITH
General**

WIRE-BOUND CRATES

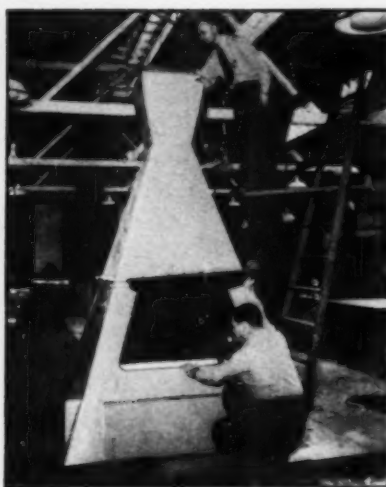
● A well known electrical apparatus manufacturer eliminated 405,000 pounds of unnecessary tare weight from shipments of large transformers alone. The total annual saving resulting from this one improvement amounted to several thousand dollars. As the saving was made possible by scientifically designed General wire-bound crates, there was no sacrifice of protection for the product. The General Box laboratory is constantly developing cost-reducing containers for manufacturers of a wide variety of products. The advantages of this time-proved service are available to you, without charge.

Whether your product is large and heavy, or small and lightweight, General wire-bound or all-bound boxes may be the means of reducing your packing, handling and shipping costs. Mail the coupon for complete information.



- () Send complete information about the General Box Laboratory service.
() Have a General Box engineer call.

Name _____
Address _____
City _____ State _____



TIME-SAVER

This huge camera—standing 10½ ft. high—is Lockheed Aircraft Corp.'s latest time-saver for speeding up plane production. It is used to photograph engineer's drawings. The negatives are then enlarged on sensitized metal, and the enlargements cut out to be used as machine-shop patterns.

will be dumped on the busy little industry if other defense-plant centers decide, like Wilmington and Joliet, that they prefer trailer parks to emergency construction that may leave ghost towns after a war boom.

DOMESTIC PAPRIKA

Paprika is one of the odds and ends affected by war. Supplies from Hungary and Spain have been curtailed. After nine years of experiments, Clarence R. Brown, of San Juan Capistrano, Calif., has succeeded in growing 100 acres of satisfactory peppers from imported seed.

Difficulties are numerous. Peppers cross-fertilize easily and it is hard to keep hot strains out of the paprika peppers. Washing and drying of the peppers after harvest is an exacting process; costs \$50 a ton. The crop requires moderate temperature and cool nights—warm weather makes the peppers hot. It is a crop requiring considerable labor, and the 5,000 acres needed to produce a domestic supply probably will be cut up into garden plots of a few acres.

The United States consumes about 10,000,000 lb. yearly of the dehydrated ground sweet pepper. Bulk prices have ranged from 17¢ to 30¢. A 5¢ per pound protective tariff has not stimulated home production, but war promises to do so. California has an interested manufacturer, J. A. Knapp, Santa Ana, who does a large business in powdered hot chili pepper.

NEW PRODUCTS

Plastic Tile

Years ago all tiles were ceramic. Then came "tiles" of glass, porcelain-enamelled steel, lacquered steel, and tile-like wallboard. Now coming is Lumitile, a new tile-like hollow block for interior decoration molded of Lustron, the relatively new polystyrene plastic, developed by Monsanto Chemical Co., Springfield, Mass. Though the waterproof material is normally transparent and without color, the new tile will be made in a wide range of opaque, translucent, and variegated colors.

Self-Contained Cleaner

Standing little higher than your knee, the Sanitizer, newest vacuum cleaner



made by Air-Way Electric Appliance Corp., Toledo, provides convenient places for storing the hose and tool equipment (wall brush, floor polisher, crevice nozzle, venetian blind brush, upholstery nozzle). Dirt is deposited in a throw-away paper bag. Extra tools are available for spraying paint, insecticides, and deodorants.

Safety Window

By the simple expedient of sliding one or more panes in the Safe-To-Clean Window, and thus providing an armhole, I. D. Sillman, 220 W. 42nd St., New York, makes possible the washing of the outsides of double-hung windows from the inside.

Elephant-Kote

When cold weather hits automotive cranks they tend to chill, condensing water vapor, diluting oil, and forming sludge. As a remedy, Pentrathane Products Inc., 45-22 38th St., Long Island City, provides Elephant-Kote, a

heavy new insulation coating applied to the crankcase as a plastic which dries overnight.

Tipper

A long handle on the new Barrell & Drum Tipper, developed by Lewis-Shep-



ard Sales Corp., 295 Walnut St., Watertown, Mass., adds leverage to ease the job of laying it on its side or standing it up.

Oxygen Recorder

Dissolved oxygen in feed water having been established as an important source of boiler corrosion, Cambridge Instrument Co., Grand Central Terminal, New York, is bringing out the new Cambridge Dissolved Oxygen Recorder which detects and registers continuously amounts from one part in 400 million up.

Mobil-Crane

Newest product of The Osgood Co., Marion, Ohio, is the pneumatically-tired, air-braked Mobil-Crane. It is powered by a 125-hp. diesel which both actuates the boom and moves the vehicle from place to place at speeds up to 5 mph. under loads up to 15 tons.



Steering is hydraulic. When the crane is doing an unbalanced job like lifting an 80-ft., 9,500-lb. stack into position, jacks and outriggers relieve the tires of the load.



... for girl Making Good!

BUYER for a big store before she started her own shop . . . Jessie Brooks could model, fit, trim windows, sift the smart numbers out of any salesman's line, and make the forty-six size customer feel like Brenda Frazier. As "Brooks Frocks" she worked fourteen hours a day, and loved every day of it—except one. The end of the month was her zero hour, as it is for the proprietor of many a small business. Midnight found her still working on her statements; and the mailing seemed to be the last straw . . .

BROOKS FROCKS needs a Postage Meter. Your business does, too, if you have a peak mailing *even once a month*. The convenience of a Pitney-Bowes Meter is worth more than its costs.

IN THE first place, the Pitney-Bowes Meter replaces the sticky postage

stamp. The Meter holds as much postage as you want to buy—and it's safe, tamper proof and theft proof. Nobody can take postage from a Meter, because Meter stamps are useless except on the firm's business mail. The Meter also supplies any kind of postage for any class of mail. It *prints* postage stamp, postmark, and a small poster advertisement directly on the envelope; and seals the envelope flap—all in one turn of a die; and automatically records postage used. And Metered Mail, already postmarked and cancelled, moves faster in the postoffice, can make earlier trains.

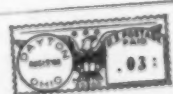
MOST large firms have used the Pitney-Bowes Meter for a long time—and today most small firms can afford one . . . Call our nearest office for a demonstration on your own mail . . .

Why wait?

Branches in principal cities. Consult your telephone directory
IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.

The Postage Meter Co., 1424 Pacific St., Stamford, Conn.

PITNEY-BOWES



FINANCE

Listed vs. Unlisted

Big Board begins drive for "equalization" of federal regulation, which would mean more business for exchanges.

Formal launching of a long-pending program came this week when the New York Stock Exchange asked for "equalization" of federal regulation as it applies to listed and unlisted trading. The Big Board's argument is almost too simple: "Why should not the public be entitled to know as much about companies whose securities are not listed on the exchanges as it does about those that are?"

It would appear just offhand that there could be no answer to that question except, "They should be." Yet if it were as easy as all that it is an altogether safe bet that the program of "equalization" would have come before this.

The argument arises from the way in which Congress framed the "truth in securities" legislation passed in 1933 and 1934. First off, the legislators were agitated over revelations of abuses in the sale of new securities and in the manipulation of prices on the exchanges. They struck at these acknowledged evils of the 1920's but didn't phrase the laws broadly enough to regulate companies which have not sold securities since 1933 and whose issues were not listed on any exchange.

• **Some Arguments**—Suppose you were the chief executive officer of the XYZ Corp. Your company always has been pretty much a family affair. Whatever stock was outstanding in the hands of the public in 1933 and thereafter was not widely distributed. You feel no responsibility for giving the shares a listed market. You haven't had to sell any securities over the last seven years, so you haven't been required to register with the Securities and Exchange Commission. Having no securities listed on a registered stock exchange, you are not required to file periodic reports either with the SEC or an exchange on your financial affairs.

Nevertheless, local investment houses are interested in your company and in your shares. They undertake to make a market even though the volume of trading isn't large. Should you be required to start making reports such as listed companies give the public in order to "equalize" listed and unlisted trading?

• **Question of Duty**—Many managements of unlisted companies have been

inclined to take an attitude something like this: "We didn't invite anybody to buy our shares, and we haven't asked anybody to make a market in the stock. If our securities were widely owned, it might be our public responsibility to protect buyers by disclosure of all material facts. However, under the circumstances we don't see that we have any such public duty and we aren't going out of our way to invite any more federal regulation of our affairs than already exists."

If these companies were to be subjected to the SEC rules governing adequate disclosure of investment data, it might be quite logical for many of them to seek wider distribution of their stock and to list either on their local exchanges or on the New York markets. This, of course, is what the Big Board would like to see come about. More listings, more trading, more revenue—at a time when all the exchanges are sorely in need of more revenue.

• **Martin Tells Stand**—The Big Board's attitude was outlined by its president, William McC. Martin, Jr., in a speech before the Portland (Ore.) Chamber of Commerce on Monday. He said that "equalizing" changes probably would be asked of the SEC when the exchanges, the investment bankers, and the over-the-counter dealers suggest amendments to federal authorities next year.

SEC Aids Small Issuers

Simultaneously with the Big Board's drive for equalization, the SEC an-

nounced a long-pending program of its own. It revised its rules covering small issues of securities by granting blanket exemption from registration to public offerings involving less than \$100,000.

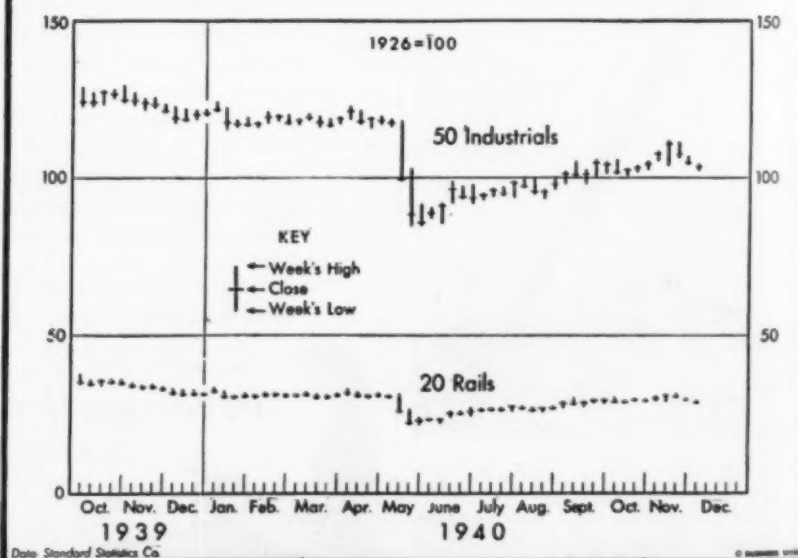
The commission has been empowered all along to exempt issues up to \$100,000 but such exemption has been granted automatically only on flotations under \$30,000. In the \$30,000-\$100,000 range, the exemptions have been granted only upon compliance with rules 200 to 210. These rules now have been replaced with what the SEC calls "a single simplified regulation containing a single integrated exemption which in many respects substantially broadens the availability of the exemption."

This modification of registration requirements is only one of several that the SEC is formulating to aid small issuers, and it is preliminary to discussion of broader revisions which the Investment Bankers Association will ask next year. The I.B.A. requests, according to all present indications, will be for a very substantial reduction in the amount of legal and accounting work now entailed by registration of new issues with the SEC to the end of cheaper flotation of new issues.

P.S.

Commonwealth & Southern Corp. this week announced a plan to pay off \$51,857,500 of subsidiaries' debt assumed as direct obligations of the parent company. To do this, C. & S. will sell to six insurance companies its holding of \$34,231,000 Georgia Power 5% bonds at 105% of par value and borrow \$17,000,000 repayable semi-annually from a group of banks. As the bonds to

COMMON STOCKS—A WEEKLY RECORD



be paid off bear interest at 5½ and 6%. The company will effect a saving of about \$12,000,000 over the term of the bank loan. . . . The familiar "Your Income Tax—How to Keep It Down" has just been released by the publishers in its 1941 edition (Simon & Schuster, New York, \$1.00). . . . Continuation of the drive of the Institute of Life Insurance to modernize and popularize the annual statements of the insurance companies is indicated by publication of a 40-page booklet telling "how" and "why." This greatly expands and improves the creditable job the Institute undertook (on rather short notice) a year ago.

COMMODITIES

Prices Restrained

Defense policy permitting orderly buying of raw materials averts runaway in non-ferrous metals despite tight supply.

When markets turn quiet it generally means there is no news. But right now the quieter tone of the commodity markets is news of a most important character to producers of raw materials.

This fact can be isolated in the non-ferrous metal markets where, a few weeks ago, things were boiling. Buyers no longer are falling all over themselves to stock up; they aren't bidding premiums of ¼¢ or ½¢ a lb. over the posted price in order to make sure that they can get supplies of copper.

• **Defense Buying**—Behind this change is a basic revision in the federal government's method of placing defense orders. Where a producer of essential defense materials faces a problem such as ability to purchase essential raw materials, he is given some latitude on price of the order. As a result, he doesn't have to rush right out and buy the needed metals the minute he gets a government contract, but can go about it in more orderly fashion with the knowledge that he has some protection on the price of the finished product which he is to deliver.

Thus, in the face of one of the tightest supply situations ever witnessed in copper, lead, and zinc a whirlwind price rise has been averted (see charts on page 52). Copper quotations have settled back from the premium levels prevailing three and four weeks ago despite record consumption. Zinc is holding at its top of 7¼¢ a lb., but shows little present tendency to go higher. And lead, notwithstanding the biggest



"Sitting Tight"

NO investment is good enough to forget. "Sitting tight" may sound conservative. Actually it may be as wild a policy as you could risk. An investor does not play safe by doing nothing and trusting to luck. He takes reckless chances if he tries to fool himself that inactivity is security.

It is imperative that a conservative investor ever should keep in mind that his funds are entrusted to companies over which he may have no direct control or even influence. National or international explosions may raise havoc with those companies.

Your Money Moves

Investors may comfort themselves with the notion that they can sit tight. Companies have no such delusion. They know full well that they cannot sit tight. Move they must; and when they move—right or wrong—the investor's money moves with them.

Conservative investors want to know in what direction their money is moving. Conservative investors want to be advised of the uncontrollable forces that threaten investment values: To such investors, concerned with longer-range trends, Babson's Reports bring a sound and consistent program. Babson's was a pioneer in developing a service exclusively in the interest of the investor:

The purpose of Babson's Personal Investment Service is to (1) *Provide an investment plan* (2) *Supervise your security holdings* and (3) *Advise on cash resources*. It makes you the beneficiary of forty years of continuous advisory experience. These four decades cover 5 booms, 5 panics, 9 Administrations, World War I and now World War II.

To appreciate fully just how Babson's Personal Investment Service applies to your own circumstances and problems, ask us to send you further information. Remember that ceaseless change is constantly switch-

ing yesterday's investments into tomorrow's speculations. Where do *your* holdings stand today?

FREE SWITCH NOTICE

We are releasing unfavorable reports on over 500 securities. Are you holding some of these? Send us your list (not over 7) and we will check-mark any that Babson clients are being advised to sell. Confidential. No charge. No obligation. Mark envelope for Div. 8.

Babson's Reports

Incorporated
Babson Park, Mass.

business since October and November of 1939, has been subjected to two price reductions in the last few days.

• **Producers Resist Rise**—However much they might have wished for higher prices, producers of these metals must be credited with resisting the rise. Primary producers of copper, for example, held steadfastly to the 12¢ a lb. quotation at a time when it appeared that the market could easily have gone to 15¢ or better. They rationed their daily sales (with the obvious intent of averting drastic action in Washington) until the market gradually regained some semblance of normality. And, although rationing still is the rule, there at least has been no talk of priorities.

And you may rest assured that priorities are a major worry among metal producers. Suppose, for example, you were in the zinc trade and had helped in the drive to get the automobile manufacturers to use die-cast zinc grilles

on motor cars. Whenever talk of priorities came up you would be pretty sure that one of the things to fall under a non-essential heading would be die-cast zinc grilles. You also would lack any great confidence that such a market could ever be regained after the defense effort began to slacken.

• **Hemisphere Competition**—Similarly, the metal producers are restrained in their price ideas by the knowledge that "hemisphere defense" could be the opening wedge in reduced tariffs on Latin American metals. Recent talk of a government contract for Chilean copper has served to keep that topic alive.

The problem of imports has been an even more active factor in the lead market, because foreign pig lead, largely Mexican, has been coming in over the tariff wall for some time (BW-Nov. 2 '40, p. 56). This augments the foreign ore which accounted for 17,362 tons of October refinery output of 56,600 tons.

THE MARKETS

New Issues Plentiful

Principal activity in the financial markets recently has centered in new issues of securities. These issues have been of unusual interest not only for their variety but because one of them involved the largest chunk of money borrowed for plant expansion in many a year.

Several of these new securities issues were the familiar private placements with the life insurance companies. One such, that for American Telephone & Telegraph, was the loan for expansion and it involved \$140,000,000. This sum was raised through the sale of 30-year 2½% debentures at 98½, a net interest cost to American Telephone & Telegraph of 2.8%.

Another issue which attracted more than ordinary attention was the \$53,000,000 refunding operation of the Boston Edison Co. These bonds, in compliance with the Massachusetts public utility statutes, were placed through competitive bidding and the transaction aroused all the discussion that customarily results from competitive bidding for corporate securities.

The successful tender was 103.525% of par for the issue with interest at 2½%. This bid was made by a group headed by the First Boston Corp. and it topped the next nearest—which was 102.11 by Halsey, Stuart & Co. and associates—by a surprisingly wide margin. This relatively wide "cover" was the subject of no little discussion because groups usually see more nearly eye-to-eye on price than was indicated in this instance.

According to gossip in the financial realm, several of the larger members of

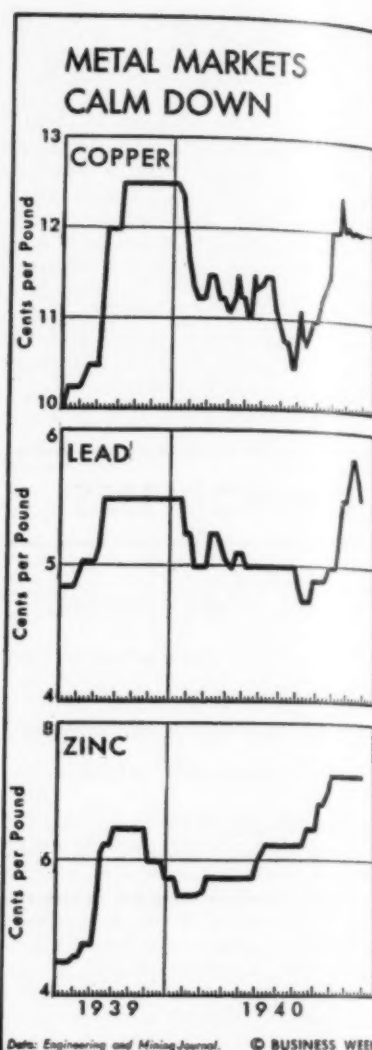
the Halsey, Stuart group wanted to submit a bid much closer to the First Boston figure. Others, however, dissented. You have to have \$53,000,000 cash on the line when you submit competitive bids on an issue, and it pretty nearly has all to belong to members of the syndicate because bond houses don't like to borrow in order to carry transactions as touchy as these are. With this kind of money involved, you need a big syndicate, and if anybody in the group dissents on a price he gets his way or has to be replaced. It's no cinch to get replacements; in fact it's so hard that the dissenters are more than likely to get their own way.

Thus the First Boston's cover in the Edison deal demonstrated some of the difficulties encountered in competitive bidding, and it made investment bankers the happier with nice, simple, negotiated deals like the \$70,000,000 for National Dairy Products. This latter financing involved \$55,000,000 of 3½% debentures due in 20 years and \$15,000,000 of debentures due serially over the next 10 years and bearing interest at rates varying from 0.375% to 2.1% according to maturity.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
50 Industrials	103.5	104.9	107.7	118.9
20 Railroad	28.7	29.8	30.1	31.6
20 Utility	54.0	55.3	62.5	68.7
Bonds				
20 Industrial	90.3	90.5	89.8	86.8
20 Railroad	60.1	60.5	60.8	58.3
20 Utility	100.6	100.4	100.4	101.7
U. S. Government	111.1	111.2	109.2	105.9

Data: Standard Statistics except for government bonds which are from the Federal Reserve Bank of New York.



Rubber Quota Up

Price climb resumes, but international committee seeks to stimulate exports within 18¢ to 20¢ range of Reserve Co.

Rapid and ceaseless extension of military combat in the Far East emphasizes need for haste in Uncle Sam's intended acquisition of 237,000 tons of rubber, desired by the end of 1940. The total would include 87,000 tons provided for under the cotton-rubber barter agreement with Great Britain and 150,000 tons to have been purchased by the Rubber Reserve Co. At the end of October, the stockpile amounted to less than one-fourth the desired total.

There has been no tie-up of shipments or shortage of supply, though a scarcity of labor is possible this winter and ships may be harder to obtain, especially if the Japanese navy increases its activity. Principal reason for this coun-

try's delay in accumulating the commodity has been the price, which hovered above the 20¢ a pound maximum limit for such purchases.

• **Quota Is Boosted**—Naturally, the United States found satisfaction in the 10% increase last week in the rubber export quota as fixed by the International Rubber Regulation Committee for the first quarter of 1941. This country had sponsored the boost in quotas to 100%, highest since the introduction of the scheme six years ago, as a measure to speed up accumulation of a rubber emergency reserve in this country. Furthermore, the international committee urged authorities of the individual producing countries to allow immediate shipments against 1941 export permissibles.

The trade largely had anticipated the move. Slight price irregularity followed the announcement, then quotations continued their climb. However, in accordance with the pact, the international committee is trying to induce producers of the various countries to offer rubber more freely within the 18¢ to 20¢ range specified in the purchase agreement between the committee and the Rubber Reserve Co.

• **Synthetic Rubber Threat**—Sharp point to the persuasion is a threat that refusal to lower prices would stimulate construction here of plants to manufacture synthetic rubber. Factories could be built in a few months to produce an artificial rubber superior in some ways to natural rubber (BW—Jun. 15 '40, p. 42).

Trade sources in Akron expect that producing areas probably would be able to grow enough to ship at the 100% permissible rate during the first quarter of 1941; which would establish a new record for first-quarter shipments. Stocks on hand in producing areas are above the minimum working amount needed. Tapping is expected to be stimulated during the heavy producing season because of earlier distribution of production coupons, without which a grower could not sell his rubber.

• **First-Quarter Lineup**—Permissible exports during the first quarter of 1941 will amount to 403,675 tons. Of this, British Malay could ship 162,000 tons; Netherlands Indies, 161,000 tons; Ceylon, 27,250 tons; Thailand, 13,925 tons; Sarawak, 11,000 tons; North Borneo, 5,250 tons; India, 4,437 tons, and Burma, 3,437 tons.

For some of these countries, the increased allowances merely legalize over-shipments already made. All territories, exclusive of Thailand and French Indo-China, overshipped their permissibles for the first nine months of this year by a total of 35,661 tons. These over-shipments are comparatively large, because the International Agreement specifies that no territory may overship its quota by more than 5% of the year permissibles.

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of the Debentures. The offering is made only by the Prospectus.

NEW ISSUES

National Dairy Products Corporation

\$55,000,000

3¼% Debentures due 1960

(Maturing December 1, 1960)

Price 104¾% and accrued interest

and

\$15,000,000

Serial Debentures

(Maturing semi-annually in principal amounts of \$750,000)

Maturity	Interest Rate per Annum	Maturity	Interest Rate per Annum	Maturity	Interest Rate per Annum
June 1, 1941	.375%	Dec. 1, 1944	1.20%	Dec. 1, 1947	1.80%
Dec. 1, 1941	.50%	June 1, 1945	1.30%	June 1, 1948	1.85%
June 1, 1942	.625%	Dec. 1, 1945	1.40%	Dec. 1, 1948	1.90%
Dec. 1, 1942	.75%	June 1, 1946	1.50%	June 1, 1949	1.95%
June 1, 1943	.875%	Dec. 1, 1946	1.60%	Dec. 1, 1949	2.00%
Dec. 1, 1943	1.00%	June 1, 1947	1.70%	June 1, 1950	2.05%
June 1, 1944	1.10%			Dec. 1, 1950	2.10%

Price 100% and accrued interest

Copies of the Prospectus may be obtained within any State from such of the Underwriters, including those named below, as may legally distribute the Prospectus within such State.

Goldman, Sachs & Co.

Lehman Brothers

The First Boston Corporation

Harriman Ripley & Co.
Incorporated

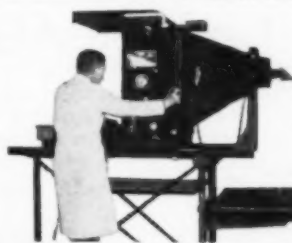
Smith, Barney & Co.

Union Securities Corporation

Mellon Securities Corporation

Lee Higginson Corporation

December 3, 1940



**SOLVE COPYING PROBLEMS
WITH PHOTOGRAPHY
EASILY! ECONOMICALLY!**

COPY ALL TYPES OF OFFICE RECORDS with Rectigraph
SPEEDILY, ACCURATELY, LEGIBLY Actual, Enlarged or Reduced Size

Advertisers, Banks, Insurance Co's., Factories, Newspapers, Printers, Gov't. Offices and many others, large and small, banish costly copying problems by installing modern Rectigraph photocopying process. Exact copies of legal documents, ads, letters, contracts, **SAVE TIME AND MONEY!**

- Copies anything written, printed, drawn or photographed
- Reduced, enlarged or actual size
- Low cost operation
- Exact copies—No proofreading
- Constitutes legal evidence
- Avoids loss of valuable papers
- No darkroom necessary

**We Furnish The Facts
You Be The Judge!**

Our trained experts will analyze your copying requirements without obligation. From facts furnished, you can readily decide whether Rectigraph can save you time and money. Write to-day. The Haloid Co., 105 Haloid Street, Rochester, New York.



THE HALOID COMPANY

Main Offices and Factories at Rochester, New York

Branches: Boston, 141 State St.; Chicago, 408 N. Dearborn St.; Detroit, 144 Calumet Blvd.; New York, 105 Haloid St.; Philadelphia, 100 N. 11th St.; San Francisco, 100 N. 11th St.; Washington, 100 N. 11th St.

**WE DON'T GUESS ABOUT ANYTHING
IN OUR BUSINESS...WHY MAKE
AN EXCEPTION OF VALUABLE
STORED LIQUIDS**



For every industry where control of stored liquids is an important factor LIQUIDOMETERS insure dependable, accurate readings at all times.

LIQUIDOMETER remote reading gauges automatically indicate or record liquid levels as required. No pumps, valves or auxiliary units needed to read them. Balanced hydraulic transmission system ingeniously compensates for temperature changes on communicating tubing and—accuracy of LIQUIDOMETERS is unaffected by variations in specific gravity.

LIQUIDOMETERS approved by Underwriters' Laboratories and other like bodies for gauging hazardous liquids.

Models are available for Remote Signals, automatic control of pumps, etc. Direct Reading models available where Remote Reading is not required.

Write for complete details on
LIQUIDOMETER Instruments.

THE **LIQUIDOMETER** CORP.
38 12 SKILLMAN AVE., LONG ISLAND CITY, N. Y.

HELPING SECRETARIES DO THE GOOD JOB

Why lose time and temper on unnecessary errors and puzzling questions when it's so easy to banish them with a single book? Now in use by thousands of executives and their secretaries. This remarkable "silent assistant" assures you of the rapid, smooth-running efficiency that every executive requires.

Lois Irene Hutchinson's STANDARD HANDBOOK FOR SECRETARIES

This book works in two important ways: first it actually trains secretaries in efficient, accurate, modern procedure—makes them able to take tasks off executive shoulders and handle them well; second, it answers instantly thousands of questions that arise constantly, from correct punctuation to foreign exchange. Not only covers normal stenographic work, but also many useful items relating to diplomacy, reports, legal and financial matters, communication services, etc. New revised edition; new price, only \$2.95. Send for a copy for 10 days' examination on approval today.



McGraw-Hill Book Co., 330 W. 42nd St., N. Y. C.
Send me Hutchinson's Standard Handbook for Secretaries for 10 days' examination on approval. In 10 days I will send \$2.95, plus five cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name
Address
City and State
Position
Company (FW-12-7-40
(Books sent on approval in U. S. and Canada only.)

BUSINESS ABROAD

New Ban at Border

Canada excludes long list of "non-essential" imports. Behind it and related moves is Empire's unfavorable trade balance.

OTTAWA—In the most drastic action yet taken to conserve foreign exchange for the purchase of wartime essentials, the Canadian government this week banned all imports of a long list of "non-essential" goods, and listed several more items which will be allowed to enter the country only on a license basis.

The United States is the only nation which will be importantly affected by the new ban but Canadian authorities claim—with considerable justification in

view of current trade data—that total imports from south of the border are likely to suffer only temporarily. Canada is giving up a lot of so-called luxuries in order to buy more war equipment—planes, machine tools, steel, tanks, and munitions. The farmer in the United States will suffer from the move, but the manufacturer of heavy goods will gain.

• **Two Sets of Rules**—The Dominion has imposed two sets of restrictions.

The first is a complete embargo on the importation of the following items from outside the sterling bloc: prepared cereal foods, cut flowers, processed and canned fruits and vegetables (not including currants, raisins, dates, apricots, or grapefruit juice), preserved fish, oysters, crabs, manufactured tobacco, spirits and wines, certain classes of fiction magazines, consumers paper items, perfumes, china and glassware, silver-

What the War Is Doing to Foreign Trade

Most of the gains registered in United States export trade for the first 10 months of 1940 reflect heavy British purchases of war materials, and most of the losses are being borne by American farmers, whose export market is showing the effects both of the blockade and of British curtail-

ment of non-essential imports. Imports into the United States are up 14% over the 1939 figure as compared with an export gain of 33%, with crude rubber, manganese, tin, copper, and other strategic materials involved in the stockpiling program heading the list of import rises.

	Ten months ending October		% gain or loss
	1940	1939	
Exports	(000 omitted)		
Total	\$3,300,843	\$2,479,275	+ 33
Tobacco (unmanufactured)	37,699	67,515	— 44
Fruits and nuts	30,700	73,100	— 58
Cotton (unmanufactured)	201,003	168,661	+ 19
Wood pulp	25,336	4,540	+ 452
Paper	54,854	23,615	+ 132
Crude petroleum	60,175	80,054	— 25
Gasoline	52,608	80,558	— 35
Industrial chemicals	44,228	26,991	+ 64
Coal tar products	24,070	10,870	+ 121
Brass and bronze semi-manufactures	22,116	1,940	+ 1040
Copper (ingots, plates, rods)	82,757	63,676	+ 30
Iron and steel semi-manufactures	310,311	126,149	+ 146
Iron and steel advanced manufactures	53,395	39,043	+ 37
Steel mill manufactures	117,247	47,992	+ 144
Machine tools	197,798	95,125	+ 108
Motor trucks and buses	45,506	70,911	— 36
Aircraft, including parts	252,868	82,153	+ 208
Explosives, fuses, etc.	18,223	3,426	+ 432
Firearms and ammunition	51,304	4,057	+ 1165
Imports			
Total	\$2,084,541	\$1,828,862	+ 14
Coffee	105,035	112,282	— 6
Tea	18,583	16,580	+ 12
Cocoa or cacao beans	26,197	23,138	+ 13
Cheese	15,130	49,250	— 69
Crude rubber	251,655	135,259	+ 86
Wool (unmanufactured)	63,985	38,501	+ 66
Diamonds, rough, uncut	10,149	4,908	+ 107
Newsprint	103,346	94,230	+ 10
Manganese, chrome, ferro-alloying ores	27,772	11,806	+ 135
Nickel and alloys	28,069	19,912	+ 41
Tin (bars, pigs, blocks)	101,778	51,005	+ 100
Copper	57,390	31,238	+ 84

ware, electrical household appliances, stoves, bathroom fittings, passenger automobiles, sporting goods and fishing tackle, cameras, furniture of wood or metal, radios, phonographs, musical instruments, luggage, all finished clothing or wearing apparel, silk fabrics, ornaments, jewelry and precious stones, toys and dolls, and a number of miscellaneous articles.

On the second list of articles, the Dominion will allow imports only if a license is granted, and officials say that these licenses will be increasingly difficult to secure. Included on the license list are unmanufactured tobacco, trucks, hardwood, veneer, and plywood, raw silk, and all petroleum products.

• **What It Will Mean**—Washington estimates that between \$50,000,000 and \$65,000,000 of export trade is affected by the new Canadian restrictions, but Canadians are quick to point out that they carefully have not included fresh fruit in the embargo because of the drastic effect it would have on the farmers of a friendly nation, and that they are imposing fresh excise taxes on their own manufacturers of all of the items.

This is being done to curtail wartime spending for non-essential goods, to prevent uneconomic expansion of Canadian industries during the period of emergency tariff protection, and to encourage manufacturers to concentrate their efforts on the production of wartime necessities.

• **New British Restrictions**—The Canadian move is attracting special attention in the United States because it coincides with the announcement from London by Lord Woolton, Minister of Food, that Great Britain also is going to cut drastically into the present plentiful food rations for the purpose of releasing ships for more necessary cargoes.

Britain's new restrictions will not have an important direct effect on the United States because most of the meat, canned fruit, eggs, bacon, and other foods have been bought in other countries or within the Empire. But, to the extent that Britain curtails purchases in such countries as the Argentine, it will add to the surpluses which the United States will be called upon to help absorb or to finance in the course of the coming year.

• **Difficulties Dramatized**—When October foreign-trade figures were released in Washington this week they helped to dramatize the difficult trade position that Canada and the entire British Empire find themselves in as a result of the war. Main trading divisions of the Empire are listed herewith, with the soaring imports from the United States running far ahead of the modest gains in exports except in the case of Malaya where Washington's tin and rubber buying for accumulation of wartime

stockpiles has boosted purchases to more than twice the 1939 levels.

British Empire-United States Foreign Trade Jan.-Oct. 1940

	Imports from U. S. (000 omitted)	Exports to U. S.
United Kingdom.....	\$805,792	\$131,022
Ireland	6,580	2,225
Australia	62,324	16,349
New Zealand.....	15,136	6,483
Hong Kong.....	13,834	2,939
British Malaya.....	12,743	217,670
British India.....	55,105	88,038
Burma	6,418	1,525
Ceylon	1,650	22,771
Union of South Africa..	81,078	40,150
Gold Coast.....	2,091	13,039
Jamaica	3,075	1,147
Newfoundland, Labrador	8,473	9,256
Canada	588,459	339,156
Total	\$1,662,758	\$891,824

It is this growing unfavorable balance of trade that is causing both Canada and Great Britain to curtail non-essential imports from the United States to save dollar exchange for planes and munitions, and which caused the British to raise the question of U. S. loans.

Loan for China

Half of \$100,000,000 credit will be extended through Export-Import Bank, and half from stabilization fund.

The United States countered Japanese ratification of a "peace" treaty with the puppet régime of Wang Ching-wei this week by arranging to make \$100,000,000 available to the Chinese government. One-half of the loan will be ex-

tended through the Export-Import Bank to finance immediate purchases of necessary war materials in this country, and will be guaranteed by the Central Bank of China. This debt will be retired by deliveries to the United States of wolframite (chrome ore), antimony, and tin, which had already been contracted for by the Metals Reserve Co. in connection with the stockpile program.

• **Supporting Currency**—The other \$50,000,000 involved in the assistance program—outlined by Secretary Hull, for the State Department, and Secretary Morgenthau, for the Treasury—will come from the Treasury's \$2,000,000,000 stabilization fund. The amount will be used to support Chinese currency by methods still to be worked out between T. V. Soong, head of the Central Bank of China, and Treasury officials. The transaction will probably involve purchase of the yuan (Chinese monetary unit) at a special rate to be fixed by agreement between the two countries, with the Central Bank contracting to repurchase the yuan at the same level at which the stabilization fund acquired the currency.

• **Committees Approve**—In line with a promise made last year to the Senate Banking and Currency Committee that sanction for any new use of money from the stabilization fund would be sought from the proper legislative committees, the Administration's aid-to-China plan was placed before a joint session of the Senate Banking Committee and the House Committee on Coinage, Weights and Measures. Secretaries Hull and Morgenthau appeared before the committees, at their own request, to tell what they intended to do under existing law. Members of the committee, including outspoken Administration opponents,



AID TO BRITAIN

The Senate Foreign Relations Committee, with a new chairman—Senator George of Georgia—succeeding the late Key Pittman, met last week to consider the question of further aid to Britain. Seated, above, are Senators

Harrison, Johnson, George, Thomas, and Van Nuys. Standing are Senators Nye, Vandenberg, Green, Gillette, Guffey, and Clark. Despite the fact that there are five avowed isolationists on the committee, Washington fully expects Britain to be getting a loan by next spring (page 7).

SALT LOSS CAUSES
HEAT RAG
WORKERS WHO *Sweat* NEED Salt
• USE MORTON'S SALT TABLETS •
Morton Salt Co., Chicago, Illinois

Now
Bleached
BLACK CORE
TOILET TISSUE



A new feature of the world's largest-selling 2,000 sheet roll. Also available unbleached. Sold by reliable paper merchants everywhere. Ask for samples.

Victoria
TOILET TISSUES

VICTORIA PAPER MILLS CO., FULTON, N. Y.

gave unanimous approval to the Treasury program.

Granting the loan out of the stabilization fund touched off speculation as to whether the fund might be tapped in the future to help stabilize currencies in various Latin American countries. The fund, which was created out of profits accruing from the devaluation of the dollar in 1934, has been operated at a profit ever since, and has been utilized under a tri-partite agreement with England and France to curb speculations in their respective currencies.

Reich Ships Food

Shortages in occupied territories force Berlin to share meager supplies. Germany faces ersatz Christmas.

BERLIN—Though the official Nazi viewpoint toward the food situation in territories occupied by the German army

has been that such areas would have to depend on stocks on hand and current production, unabettled by any share in the food reserves of the Reich proper, there is increasing evidence in Berlin now that political considerations are forcing a change of attitude. Berlin recently shipped potatoes and fodder to some of the occupied territories, and indications are that the critical spring months might necessitate even further moves in this direction.

In spite of rumors current within Germany that additional drastic reduction of meat and fat rations will be imposed after Jan. 1, informed opinion holds it more likely that deficiencies from present quotas would be made up out of existing reserves. However, food authorities are not forgetting the possibility of the war (and the blockade) lasting several years, and they are resolved to take no chances with the reserves. The additional 125-gram monthly meat allowance allocated last winter from December to March has not been repeated as yet this year, and "butterschmalz"—smelted butter accumulated during the summer—is increasingly substituted for the already small fresh-butter ration.

• **Second War Christmas**—Increasing use of "ersatz" and limitations on the production of non-essentials are making Christmas shopping in the Reich even more of a problem this year than it was last. Possible gift choices have been further reduced, and the remaining items, particularly children's toys, are more and more being made out of substitute materials. Lady's handbags and other similar goods formerly made out of leather are also now obtainable only in substitutes. As a result, the most popular presents being purchased are books, glassware, and porcelain articles which are not only the most easily obtainable but also the best quality articles on sale.

German steel production is being augmented by the resumption of production in occupied territories. The Belgian steel industry is operating at better than 50% capacity, but output in the great Lorraine mills is still lagging.

P.S.

To the disappointment of travel agencies and the visiting Latin American delegations, the first Inter-American Maritime Conference reached no conclusions regarding a downward revision of either passenger or freight rates between South America and the United States. Pre-conference talk about a "travel dollar" (BW—Nov. 23'40, p60) to enable more Latin American business visitors to make the trip north came to nothing. The freight question was disposed of with the nebulous recommendation that future rates should be determined with "fullest possible consideration of all the important interests concerned."

SINEWS OF STEEL
save MEN'S BACKS
save MONEY

Bending, lifting, bending, lifting... laborious manual methods of handling materials are costly in money and men. Now, wherever goods must be handled economically, this mechanical titan—**MOBILIFT**—lifts, carries and piles.

Handle goods in units of one ton or less and you will cut costs more with **MOBILIFT**, and improve working conditions in your plant. Low cost—prices begin a little over \$1000. Light weight—around 2600 lbs. Thrifty operation—less than 15c an hour. Forks lift loads to 9 ft. Works in narrow aisles and inside cars and trucks.

There's a **MOBILIFT** engineer near you... write for his name today.

Vaughan Motor Co.
855 S. E. Main
Portland, Oregon
U. S. A.



MOBILIFT

PROFIT & LOSS

Union Trouble

There was a little labor trouble in Somerville, N. J., last week, but it was all quietly settled by the judge of the Orphans Court there.

Christian Reise is an electrician. He makes \$1 an hour. If he were a full-fledged member of Local 52 of the Electricians Union he could make \$2 an hour—but Local 52 restricts full membership to sons of members. Christian Reise's father-in-law, Mr. Seegers, is a member of Local 52. So Mr. Seegers and his wife simply went to the Orphans Court last week and told the judge they wanted to adopt their son-in-law as their son.

The judge said no. In the first place, he told the Seegers, they'd be working a fraud on the union; and in the second, "it would create confusion as to the relationship between the respective parties concerned." All quiet on the Somerville labor front again.

Hats

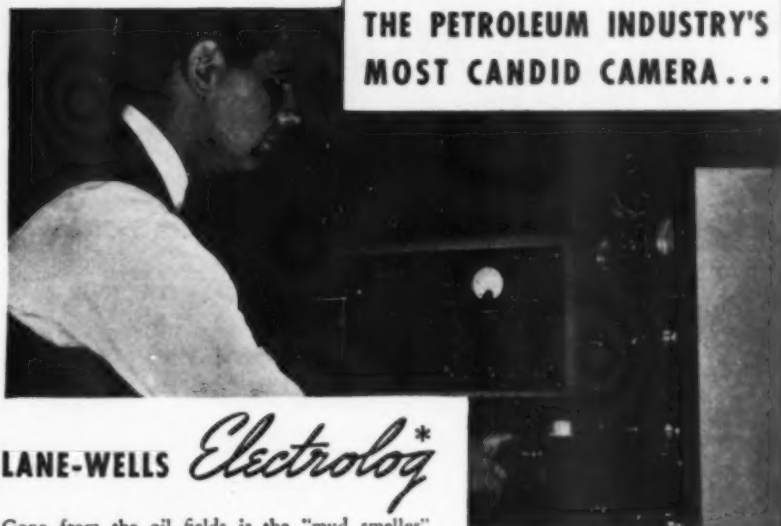
To launch a big drive on Red & White Coffee, the Red & White Food Stores have designed what they think is a "startling" new hat—to be worn by the girl clerks in all their stores this month. It's a papier mâché cup and saucer, stapled to a red ribbon that ties on around the girls' heads. "The cup is designed in such a manner that it can actu-



ally hold coffee," says the publicity man who designed it, but, he adds cautiously, "one should not attempt to carry coffee while wearing the hat."

The Hat Style News Bureau, which takes hats seriously, has much more startling news than Red & White with its gag hat, though. "The most important style in men's casual hats this winter is the 'companionate' hat," it says, "known also as 'he and she,' 'Mr.

THE PETROLEUM INDUSTRY'S MOST CANDID CAMERA...



LANE-WELLS *Electrolog**

Gone from the oil fields is the "mud smeller" method of determining the presence of oil sands as the drill pipe went deeper. Oil operators today must have accurate information about the formations penetrated by a drill stem. Lane-Wells Electrolog makes a chart of all formation characteristics and locates profitable producing zones that would have been missed completely by even a "super-sensitive nose." Electrolog's completely candid pictures of subsurface formations is one of Lane-Wells Technical Oil Field Services that has cut drilling and completion costs and increased ultimate oil well production.

*Electrical Uncased Hole Logging

The "Story of Lane-Wells" tells of the methods that have made the American Petroleum Industry the world's most efficient. Write for your copy today. Lane-Wells, Los Angeles, California.

LANE-WELLS

TECHNICAL OIL FIELD SERVICES

Everywhere



**Reported
Lost at Sea!
Returned with
\$13,000 catch,
thanks to**



The 118-ft. fisherman "Southern Cross", reported lost with all hands in a hurricane off Mexico, finally returned to California with her hold full of Yellowfin Tuna worth \$13,000. The dangerous trip, totalling 2000 miles, would have been in vain had not the ice, necessary for keeping the fish fresh, been kept from melting by a Frick Refrigerating Unit.

Just one more example of the varied but vital uses of Frick Refrigeration. More than likely, Frick refrigerating, ice making, or air conditioning equipment can be used with profit in your business. A word from you will bring literature or estimates from

FRICK CO., Waynesboro, Penna.

Refrigeration

ADVERTISERS IN THIS ISSUE

Business Week—December 7, 1940

THE ADDRESSOGRAPH-MULTIGRAPH CORP. 40 Agency—BRINCKER-ELLIS-YOUNG & FINN, INC.	THE INTERNATIONAL NICKEL CO., INC. 9 Agency—MARSHALL & PRATT, INC.
ALLEN WALES ADDING MACHINE CORP. 4th Cover Agency—THE CAPLES CO.	KIMBERLY-CLARK CORP. 26 Agency—LORD & THOMAS
ALLIANCE OIL CORP. 30, 31 Agency—KENTON & ECKHARDT, INC.	LANE-WELLS CO. 57 Agency—THE MCCARTY CO.
ALLIS-CHALMERS MANUFACTURING CO. 2nd Cover	LEHIGH PORTLAND CEMENT CO. 5 Agency—FOX & MACKENZIE
AMERICAN MUTUAL LIABILITY INSURANCE CO. 3 Agency—JAMES THOMAS CHIRURG CO.	THE LIQUIDOMETER CORP. 54 Agency—LUCUMA CO., INC.
ATLANTIC COAST LINE R. R. CO. 24 Agency—ALFRED LILLY CO., INC.	P. R. MALLORY & CO. 42 Agency—THE AITKEN-KYNETT CO.
THE AUTOCALL CO. 46 Agency—THE JAY H. MAISH CO.	McGRAW-HILL BOOK CO., INC. 54
BABSON'S REPORTS, INC. 51 Agency—GUNDLACH ADVERTISING AGENCY	METROPOLITAN LIFE INSURANCE CO. 21 Agency—YOUNG & RUBICAM, INC.
THE BALDWIN LOCOMOTIVE WORKS. 32	MORTON SALT CO. 56 Agency—KLAU-VAN PETERBROM-DUNLAP ASSO., INC.
BUSINESS WEEK 43 Agency—LORD & THOMAS	NEENAH PAPER CO. 37 Agency—PACKARD ADVERTISING SERVICE
EARL F. CASE. 44	NORFOLK & WESTERN RAILWAY CO. 20 Agency—HOUCK & CO.
COMMONWEALTH OF PENNSYLVANIA. 45 Agency—KETCHUM, MACLEOD & GROVE, INC.	PORTLAND CEMENT ASSOCIATION. 41 Agency—ROCHE, WILLIAMS & CUNNINGHAM, INC.
CONTINENTAL MOTORS CORP. 28 Agency—WALLACE-LINDHMAN, INC.	THE POSTAGE METER CO. 49 Agency—L. E. MCGIVERA & CO., INC.
RALPH C. COXHEAD CORP. 4 Agency—GREEN-BRODIE, INC.	THE PULLMAN CO. 27 Agency—BLACKETT-SAMPLE-HUMBERT, INC.
ELECTRIC STORAGE BATTERY CO. 4 Agency—GHEAR-MARSTON, INC.	REPUBLIC RUBBER DIVISION LEE RUBBER & TIRE CORP. 2 Agency—WEARSTLER ADVERTISING, INC.
FAIRBANKS, MORSE & CO. 10 Agency—HENRI, HURST & McDONALD, INC.	S. K. F. INDUSTRIES, INC. 46 Agency—MARSHALL & PRATT, INC.
FELT & TARRANT MANUFACTURING CO. 19 Agency—N. W. AYER & SON, INC.	STANDARD ACCIDENT INSURANCE CO. 47 Agency—N. W. AYER & SON, INC.
FRICK CO. 57 Agency—WATKINSON ADVERTISING AGENCY	STANDARD PRESSED STEEL CO. 42 Agency—H. E. LOVEKIN CORP.
GENERAL BOX CO. 48 Agency—THE BUCHEN CO.	THE STUDEBAKER SALES CORP. OF AMERICA 35 Agency—ROCHE, WILLIAMS & CUNNINGHAM, INC.
GENERAL ELECTRIC CO. 39 Agency—BATTEN, BARTON, DUBTINE & OSBORN, INC.	TIMBER ENGINEERING CO., INC. 1 Agency—ROMER ADVERTISING SERVICE
GOLDMAN SACHS & CO. 53 Agency—J. WALTER THOMPSON ADVERTISING CORP.	TODD CO., INC. 3rd Cover Agency—THE MERRILL ANDERSON CO.
GOODYEAR TIRE & RUBBER CO., INC. 29 Agency—ARTHUR KUDNER, INC.	VAUGHAN MOTOR CO. 54 Agency—BRADMONT & HOLMAN, INC.
GRAYBAR ELECTRIC CO., INC. 59 Agency—G. M. BASFORD CO.	THE VICTORIA PAPER MILLS CO. 56 Agency—VAN SANT, DODD & CO., INC.
THE HALOID CO. 53 Agency—P. A. HUGHES CO., INC.	WARREN WEBSTER & CO. 8 Agency—WILLIAM JENKINS ADVERTISING
HERCULES POWDER CO., INC. 23 Agency—FULLER & SMITH & ROSS, INC.	WESTERN ELECTRIC CO. 12 Agency—NEWELL-EMMETT CO., INC.
HOTEL LENNOX 44 Agency—GARDNER ADVERTISING CO.	WHITING CORP. 36 Agency—THE FENSHOLT CO.
HOUSEHOLD FINANCE CORP. 33 Agency—BATTEN, BARTON, DUBTINE & OSBORN, INC.	WILLSON PRODUCTS, INC. 44 Agency—JAMES G. LAMB CO.
HUNTER ELECTRO-COPYIST, INC. 59 Agency—BARLOW ADVERTISING AGENCY, INC.	YORK ICE MACHINERY CORP. 25 Agency—J. M. MATHER, INC.

and Mrs.' and 'twin' hats." You get the idea—they mean you and the little woman are going to start wearing the same hats.

Now, the hat trade knows that you aren't going to fall for any of those flower and bird hats, so they're tricking your spouse into wearing your hats. They've got pork pies, and felt caps and hats, and everything right down to derbies. Yop—derbies.

The Retail Executive says that "derbies are gaining rapid acceptance among the younger feminine crowd who wear them with mannish camel hair coats, saddle oxfords, always on the back of the head. With tailored town clothes derbies are also gaining acceptance, worn tilted forward and veiled."

Maybe it's fortunate the girls are wearing our hats instead of vice versa after all. You'd be the talk of the office if you turned up wearing your wife's derby worn tilted forward and veiled.

Invention Season

Maybe it's just the Christmas season, but for some reason or other people are turning up all over the country with wonderful new inventions.

Simon & Schuster in New York City has published a children's book called "Pat the Bunny," which is stocked with a number of objects other than words so that you can really pat the bunny's fur, make the dolly's ball squeak, feel daddy's scratchy beard, look in a real mirror, and play peek-a-boo. We hope this technique isn't carried into adult books—some of D. H. Lawrence's, for instance.

General Electric has taken the electric eye, which has heretofore been used mostly for letting Childs' waitresses in and out of the kitchen, and given it some real work to do in the Queens Midtown Tunnel in New York. It blows a warning horn when a truck that's too high for the tunnel tries to come in anyway. It turns on the lights at the tunnel approaches when it gets dark. It helps record the amount of carbon monoxide in the tunnel. And it counts traffic—one eye adding the cars that come into the tunnel, while another, and more educated, eye, subtracts the number of cars that go out. When too many cars get in the tunnel at one time the two eyes get together and tell the control board.

At the annual convention of the Inventors of America which met this week in the Hotel Biltmore in Los Angeles, there was a man who built a better mousetrap. The mouse is lured up a runway by a piece of cheese. He sets off a switch. Two pincers catch him in the neck and an 8,000-volt electric charge electrocutes him. In 15 seconds the pincers relax and the mouse drops through a trap door into a lower compartment, leaving everything set up for the next victim. Start beating a path.

THE TRADING POST

N.A.M. and National Defense

It is quite possible that when the National Association of Manufacturers assembles in New York next week for its annual convention, it will be opening its most significant session.

This convention will be significant not alone for its size, although that itself is impressive. Four or five thousand industrialists, including leaders in every field, getting together for a three-day conference on the problems and needs of the nation is a substantial fact. And it is not often that we find so influential a group inviting the counsel of so imposing an array of authority in so many departments of social, political, and economic affairs. Taken either on its bulk or its caliber, this N.A.M. convention should make history.

But its chief significance derives from its timeliness. For the theme of the session is to be "Total Preparedness for America's Future." This includes, of course, preparedness for national defense. And today there are few Americans who do not understand the crucial importance of industrial efficiency to the national security. We recognize war for what it is—a grim struggle for mastery, material, mental, and moral, between the peoples of embattled nations, in the office and the factory, in the store and the home, in the mine and on the range. Today we no longer look to the politicians and the soldiers as the unique artisans of victory. We know that without industrial productivity and business efficiency they can do nothing.

So, when the leaders of American industry assemble to discuss national preparedness just as we are embarking on our greatest defense effort, the stage is set for important doings. For here will be gathered the men who have learned industry by doing, those who must provide the managerial skill by which alone we can mobilize our industrial resources for the national defense. They will come to swap ideas with each other, to learn what thinkers in many fields can offer for their guidance and inspiration, and to instruct the thinkers in the practical aspects of the practical task ahead of us.

And, as if to recognize the highly specialized skills that will be needed to implement so vast an effort, the manufacturers will have as special guests of honor, twenty-one craftsmen from the plant of Henry Disston & Sons of Philadelphia, they being seven sets of sons, fathers, and grandfathers all presently employed by that one company.

National security, we have come to see, depends on industrial productivity. Industrial productivity depends on company efficiencies. Company efficiency

depends on personal skill directed by competent management.

The management of American industry, represented next week by the N.A.M., must carry a heavy share of responsibility for the national security. That is why this 1940 session should be of extraordinary significance.

Excess Profits?

Recently this department printed a letter from a reader who favored limiting profits on national defense business. A lot of schemes have been proposed to that end, and some rather salty tax laws have been enacted to do just that.

But the Eastman Kodak Co. has its own scheme. It says right out that, following its practice during the World War, it will refund to the government any profit it may make on its war contracts in excess of 10%.

Here are some extracts from a notice posted a couple of weeks ago on the company's bulletin boards for the information of its employees:

"As part of the National Defense program, the government has requested the company to enter into contracts to make a large amount of special apparatus of various kinds needed for national defense: apparatus of a type never before made by the company. This has been agreed to at prices that are satisfactory to the government.

"In 1917, a similar request was made by the government. The company replied that it would do the work at agreed prices, but would voluntarily refund any profit it might make in excess of 10% of cost.

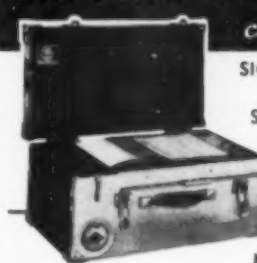
"A similar pledge has been given the government in connection with the present National Defense program. On Oct. 23, 1940, the company wrote the War Department to that effect, and received a reply expressing appreciation of such an undertaking.

"After the first World War the company made a large refund to the government pursuant to such pledge. While the company is not assured of any profit under the present defense contracts, it will nevertheless refund any profit it may make in excess of 10% of cost . . .

"Any profit retained up to 10% will, of course, be subject to income and excess profits taxes, which at present rates will probably amount to nearly two-thirds of any such retained profit . . ."

The last paragraph of this notice is commended to those who cherish extravagant notions about just what a 10% profit means to the business that is lucky enough to earn it. W.C.

This QUICK COPYING METHOD catches



SIGNATURES

• SKETCHES

• STAMPS

• COLOR

• NOTATIONS

NOW let this Hunter Electro-COPYIST give you reproductions of the original exact in every detail. Catches color, pencil notations, sketches. Copies news clippings, letters, bulletins, etc. Assures you a complete facsimile—photo-exact. No need for proofreading . . . no lens, focusing, or darkroom. Anyone can operate it. Saves office labor and adds hours to your time!

There is a Hunter Electro-COPYIST Model to meet your specific problems. Ask your Hunter Representative for free demonstrations (free phone book for address)—No obligation.



WRITE for FULL information TODAY.

HUNTER
Electro-COPYIST, Inc.

107 E. Fayette St.

Syracuse, N. Y.

Don't Overlook

this

CONTROLLING

Factor



... in speeding up production

Electric motor control is frequently a key factor in getting peak production from power-driven equipment. Modern control units save time, promote safety, protect motors, forestall shutdowns. New men on a machine can't go wrong in starting up, reversing, etc.

GRAYBAR offers—for quick delivery—General Electric motors and motor controls, along with a full line of wiring accessories that add to overall service assurance. GRAYBAR industrial specialists can advise best types for any need. Over 80 GRAYBAR offices assure prompt service anywhere.

As a starter, let us send you free booklet, "How to Select A-C Motors and Controls." Write Dept. B, Graybar Electric Company, Graybar Building, New York.

Offices in Over 80 Principal Cities



THE TREND

INVENTORIES, SALES, AND NEW ORDERS

In its current bulletin on business conditions, the National Association of Purchasing Agents observes that buyers are entering commodity markets "more liberally;" that the former policy of "carrying a 90-day stock of materials on hand has now been stepped up to an inventory that will carry manufacturing operations at least for six months."

By no means does this represent a revolutionary or an overnight shift in purchasing procedure. As far back as last spring, *Business Week* pointed out that business men preferred to be slightly overstocked rather than understocked (BW-Apr.20'40,p13). And the national defense program which got under way in June has reaffirmed and reemphasized that preference.

• But some economists, statisticians, and business men look upon this development as dangerous—as something to be checked. They remember only too clearly what happened in 1937, when rising prices, strikes, labor shortages, and threats of delayed deliveries prompted purchasing agents to build up large stocks of goods on hand. Then, when inventory buying stopped, there was no new business to keep corporations going. The bottom fell out of the stock and commodity markets and one of the sharpest industrial declines in American history took place—34% in eight months; it was worse than in 1929.

On the surface, the situation today bears some resemblance to 1937. The tremendous rise in production in the heavy industries has drained skilled workers from the labor market. Though commodity prices have not advanced so fast as three years ago, none the less there is the ever-present fear that some development might suddenly touch off a broad rally. So, naturally, purchasing agents are operating on the principle of better have a bit too much stock on hand than too little.

• That is just about as far as the resemblance goes. For, in 1937, while steel mills were booming and industrial machinery manufacturers were straining to meet current demands for deliveries, the consumer-goods industries were tapering off. But this time the lighter industries—shoes, textiles, clothing—have just begun to catch up with the armament and construction industries. The trend in inventories bears this out. The major gains, as the table shows, have been in the durable-goods industries, not in the non-durable:

Date	Manufacturers' Inventories		
	Total	Durable	Non-Durable
January, 1939.....	99.9	99.6	100.2
September, 1940.....	111.6	117.2	105.7

Current economic demand is more than sufficient to support the increase in stocks. Since January, 1939, the index of new orders for durable goods has more than

doubled, and non-durable-goods orders have gone up 32%. Not only that, but shipments, too, have been rising. So it isn't as if manufacturers had been buying from one another for purposes of building up their own stocks. On the contrary, the goods are moving—to Great Britain, to our own armed forces, to wholesalers, to retailers, and to the ultimate consumer. For—and here is a crucial point—the statistics show no bulbous accumulation of either wholesale or retail inventories. Increases have occurred, of course; yet the increases have not been of such magnitude as to suggest that stocks will ultimately have to be worked off. Don't forget, sales have increased along with inventories.

• The big jump in wholesalers' stocks occurred just after the war broke out in September, 1939, and all through the early part of this year inventories advanced without a commensurate rise in sales volume. In consequence, the inventory-to-sales ratio (stocks divided by sales) rose sharply from 138 in September, 1939, to 189 in January of this year. But ever since, that ratio has been dropping—sales have been increasing faster than stocks, the latest inventory-to-sales ratio being 147 for October. This suggests that wholesalers are not overburdened with merchandise.

And a similar inference may be drawn about retail merchants. No absolute and all-inclusive data are available; but department-store statistics are indicative. They show that whereas sales this year have risen from a low of 87 to a high of 99, inventories have remained within a three-point range—from 68 to 71, and the latest index number, September, is 70. Here, the data suggest not that merchants are overstocked, but that department stores have been extremely conservative in their purchasing policies. Sales are running at a higher level than in 1937, but stocks are 8% to 10% lower.

• What it all comes to is this: Inventories are increasing because business men have a larger volume of business on their hands; and at this stage of the business cycle, there is no point in being unduly impressed with the gravity of a perfectly natural development. Moreover, there probably will be danger signals flying long before an "inventory situation" arises: Prices will be heavy; new orders will begin to fall off; retail sales will slacken.

But now, with the defense program going full blast, worry about inventories is perhaps a bit premature—though it does no harm to keep them in mind, for another study, say two to three months hence. At that time statistical evidence should be at hand to indicate the effect of the purchasing agents' switchover from a three to a six months' stocks-on-hand policy.

The Editors of *Business Week*

Business Week • December 7, 1940

up
en
ig
n
at
to
re
ti-
es
en
ti-
e

er
h
it
e,
se
ry
g
st
is
h

il
l-
ry
w
n
x
ot
t
s-
n

g
s
,
e
,
e
v

,
-
r
t
e
e

3USI
WEE
NDI